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Operational activities of the United Nations for international development cooperation

Operational activities of the United Nations for international development cooperation

Funding operational activities for development of the United Nations system, simplification and harmonization of programming, operational and administrative procedures and United Nations funds and programmes: oversight role of the Council

Report of the Secretary-General

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I. Introduction

1. The present report has been prepared in accordance with General Assembly resolution 53/192 and Economic and Social Council resolution 1999/6,[1] which identified two themes for the operational activities segment of the 2000 substantive session of the Council's resources and funding and simplification and harmonization of procedures. It also brings to the attention of the Council issues arising from the executive boards of the funds and programmes, in relation to which the Council may wish to provide the necessary policy guidance, discharging its responsibilities as spelled out by General Assembly resolutions 50/227 and 48/162. Moreover, document E/2000/46/Add.1 contains a progress report on the implementation of other provisions of Assembly resolution 53/192 and related resolutions. In accordance with Economic and Social Council resolution 1998/27, a concise consolidated list of issues which are central to the improved coordination of operational activities and on which the funds and programmes seek consideration by and guidance from the Council is being submitted separately following consultations in the United Nations Development Group (UNDG). This list of issues will complement some of the recommendations contained in the present report and its addendum 1.

2. This year's substantive session provides the Council with an opportunity to assess progress in the implementation of General Assembly resolution 53/192 and to provide impetus for further progress in those areas that require it. It is also an opportunity for the Council to provide appropriate guidance for the preparation of the triennial comprehensive policy review of the operational activities for development of the United Nations system to be carried out by the General Assembly next year. While the report points to the overall progress in the coordination and delivery of operational activities for development, it highlights that more and better results could and should be achieved.

3. Despite the gains of the past 50 years in human development with the support of the United Nations system, severe poverty and inequality, disease, pollution and other threats to the human condition are still widespread as the world undergoes rapid changes in a context of increasingly rapid globalization. These problems are increasingly recognized as global problems requiring a global response. In the past decade, the nature and magnitude of these challenges were addressed by the world summits and conferences supported by the United Nations. These challenges were seen as requiring an international response as they were often beyond the reach of individual countries. Goals, instruments and plans of action emerged from the global summits which mobilized the international community. The current session takes place at a time when a series of mid-decade reviews of these conferences are being conducted, including the special sessions of the General Assembly devoted to the five-year reviews of the World Summit for Social Development and the Fourth World Conference on Women.[2] Therefore, the present report should be seen as

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[1] See in particular para. 62 of General Assembly resolution 53/192; see also paras. 5 and 12 of Economic and Social Council resolution 1999/6.

[2] See report for the coordination segment of the current session of the Council on assessment of the progress made within the United Nations system, through the conference reviews, in the promotion of an integrated and coordinated implementation of and follow-up to major United Nations conferences and summits in the economic, social and related fields (E/2000/__).

dealing with some of the practical aspects of the United Nations system support in the implementation of conference outcomes at the country level.

4. The United Nations development system can and does play an important role in supporting national efforts in meeting conference goals. It is, therefore, essential that the United Nations continues to be a strong and effective development arm for developing countries at the country level, which remains universal, neutral and voluntary, and operates on the basis of a diversified presence and flexible country programmes. The United Nations development arm can only respond with flexibility to changing requirements and the current challenges if it has the means and support required.

5. In response to demands and decisions of Member States, the United Nations system is continuing to undergo positive change and reforms to respond more effectively to new challenges including the implementation of the outcomes of the international conferences, including on key cross-cutting issues, by providing objective advice and operational support which link global norms and standards to national development. Unfortunately, the continuing decline and stagnation of funding pose a threat to the continued viability of some operational activities and severely constrain the operational capacity of the system at the country level. Core resource levels have reached precariously low levels in some key organizations of the system which hampers their ability to achieve the results expected of them. It is disturbing that, at the beginning of this new century, with a broad international agenda for development in place and during a period of an expanding economy in the developed world, countries in need do not have access to the required levels of grant development cooperation and development support provided by the United Nations system.

6. In response to this situation and in accordance with guidance provided by General Assembly resolution 50/227 and Economic and Social Council resolution 1997/59, the Executive Boards of the United Nations funds and programmes have approved important decisions on funding arrangements.[3] The Council may wish, therefore, to endorse the funding decisions adopted by the Executive Boards of the funds and programmes, with the ultimate aim of helping to achieve the agreed levels of resources on a predictable, continuous and assured basis which is essential to ensure the continuing viability of the development arm of the United Nations.

7. Overall reforms are being implemented to eliminate major obstacles. However, the complex rules and procedures that individual organizations apply, which still represent a heavy burden to recipient countries, preventing effective coordination and integration of United Nations system development operations with national efforts. The General Assembly and the Council have called for action to simplify and harmonize procedures in several occasions, and, while some modest progress was made, much more is required. The demand for simplification and harmonization, and other internal reforms, is important to raise the development effectiveness of the United Nations system and its efficient functioning.

8. Reforms of the United Nations system were furthered by General Assembly resolution 53/192 and previous General Assembly resolutions linked to the reform process initiated by the Secretary-General. It has produced strengthened country-level coordination and coherence. Actions at the United Nations system level are

[3] See sect. II below for details.

further strengthened by collaboration with local institutions in recipient countries and to more fully integrate United Nations support into national development efforts.[4] Instruments such as common country assessments (CCA), the United Nations Development Assistance Framework (UNDAF), thematic groups and other policy and advocacy initiatives are succeeding in extending national ownership and involvement. The United Nations system development contribution is enhanced and leveraged through effective cooperation with international and national partners, particularly the World Bank and regional development banks. For the United Nations system to play its part agreed levels of resources for development must be forthcoming.

9. Recording results through monitoring and evaluation activities is an area where the General Assembly made specific requests to the United Nations system and where the Secretariat has endeavoured to work with the rest of the system.[5] In line with paragraph 53 of General Assembly resolution 53/192, the Secretariat is undertaking impact evaluations of the United Nations system support to capacity-building and poverty eradication in a number of countries. Other entities of the United Nations system have been urged to carry out their own evaluations of the overall impact of their interventions.[6] The importance of offering a sound analysis of the United Nations system overall contribution is recognized, even though admittedly there are technical problems in carrying out such evaluations. Further work may be required by the United Nations system and the international development community in sharing with Member States dispassionate analysis of the United Nations system's contribution and the lessons that can been learned from that analysis. Moreover, it is important that Member States express explicit realistic expectations of the results from any kind of operational activities of the United Nations system, and especially those aimed at capacity-building and sustainable eradication of poverty.

Recommendation 1

10. The Council may wish to confirm that it is essential for the Untied Nations system to have the resources required to be a strong and effective development partner through its operational activities for development.

Recommendation 2

11. The Council may wish to note the progress made in the implementation of resolution 53/192 as assessed in the present report and call on the United Nations development system, particularly the United Nations funds and programmes, to make further efforts in this regard in accordance with the provisions of resolution 53/192 and time-frame indicated in the management process (see E/2000/Add.1, annex).

[4] See, for example, General Assembly resolution 53/192, paras. 3, 5, 17 and 37.

[5] Ibid., paras. 52-57 and 63.

[6] For example, the United Nations Development Programme (UNDP) result-oriented annual report is an initiative that moves in that direction.

Recommendation 3

12. The Council may wish to note the importance for all parts of the United Nations system to examine the overall results that they achieve and to share their conclusions with their governing bodies and the Council itself.

II. Funding operational activities for development of the United Nations system

Background

13. The General Assembly in its resolution 48/162 of 20 December 1993 on further measures for the restructuring and revitalization of the United Nations system in the economic, social and related fields had already stated that as part of the overall reform process, there is a need for a substantial increase in resources for operational activities for development on a predictable, continuous and assured basis, commensurate with the increasing needs of developing countries. The resolution also stressed that any new funding system should include mechanisms for all participating countries to demonstrate their responsibility and commitment to the programmes and funds. Such mechanisms should distinguish between the financing arrangements for contributions by developed countries and others in a position to do so, as against the capacity for voluntary contributions from developing countries.[7]

14. In 1997, the Secretary-General in his report entitled "Renewing the United Nations: a programme for reform", confirmed that core resources remain the basis for the mobilization of all other funds, and their unpredictability had presented perhaps the most serious challenge to the smooth and effective functioning of development operations.[8] He also suggested that it would be preferable if core resources could be made available in multi- instead of one-year tranches.[9] He subsequently submitted reports on this subject,[10] which was taken into account in elaborating decisions on multi-year funding frameworks.

15. Subsequently, the General Assembly, in its resolution 53/192 on the triennial policy review of operational activities for development of the United Nations system, expressed serious concern at the persistent insufficiency of resources for the operational development activities of the United Nations, in particular the decline in contributions to core resources.[11] Meanwhile, the General Assembly noted the importance of non-core resources, including cost-sharing, trust funds and non-traditional sources of financing, as a mechanism to enhance the capacity and to supplement the means of operational activities for development.[12] In paragraph 62 of the same resolution, the Assembly invited the Economic and Social Council, at its substantive session of 2000, to consider, *inter alia*, resources, on the basis of progress report by the Secretary-General, including appropriate recommendations.

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[7] General Assembly in its resolution 48/162, para. 32.
[8] See A/51/950, para. 166.
[9] Ibid., para. 167.
[10] A/52/431 and A/52/847.
[11] See General Assembly resolution 53/192, para. 8.
[12] Ibid., para. 15.

16. In implementation of this request the Economic and Social Council in its resolution 1999/6 defined the scope of documentation to be submitted by the Secretary-General for its substantive session of the Economic and Social Council for the year 2000 on the subject of resources and funding.[13] In response to this request of the Council this report provides an overview of financial status of the United Nations funds and programmes, assessment of the impact of financial trends as well as relevant recent decisions of the Executive Boards of the United Nations funds and programmes on funding arrangements.

A. Financial status of the United Nations funds and programmes

17. While the overall decline of official development assistance (ODA) levels did increase in 1998 by US$ 3.6 billion or 9.6 per cent in real terms, this needs to be put into perspective with performance during earlier years. Specifically, for 1992 to 1997, aid from Development Assistance Committee (DAC) member countries of the Organisation for Economic Cooperation and Development (OECD) fell by 21 per cent in real terms.

18. During the past two decades, ODA declined as measured against the average gross national product (GNP) of DAC member countries. The net ODA in 1998 as a percentage of GNP was 0.24 compared to the United Nations target of 0.7. The proportion allocated to the least developed countries has remained stagnant while poverty reduction continued to be a major goal of the international community with an estimated one half of all persons in poverty being children.

19. The United Nations funds and programmes — UNDP, the United Nations Children's Fund (UNICEF), the World Food Programme (WFP) and the United Nations Population Fund (UNFPA) — are the principal avenues through which the operational activities of the United Nations are financed. Their resources are provided in two broad categories: regular (core) and other resources (non-core). Combined total resources channelled annually through the United Nations funds and programmes stand at US$ 5.13 billion in 1999 (see table 1).

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[13] Council resolution 1999/6, para. 5, reads:

"*Requests* the Secretary-General to prepare documentation for the substantive session of the Economic and Social Council for the year 2000 on the subject of resources and funding, highlighting, *inter alia*, the following:

(a) Voluntary contributions by Governments to resources for operational activities for development of the funds, programmes and agencies of the United Nations system, including the relationship to official development assistance, over the past decade, and the relationship between core and non-core resources;

(b) Reasons for the decline in core resources to the operational activities of the United Nations system;

(c) An evaluation of the effects of such decline, including, as appropriate, on the effectiveness and impact of the operational activities of the United Nations system on the level of economic growth and sustainable development in developing and other recipient countries;

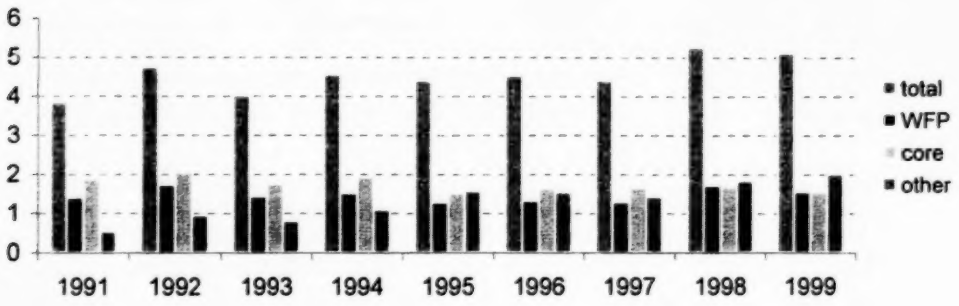
(d) Linkages between structural and managerial changes within the United Nations funds and programmes and resource mobilization, including the introduction of the multi-year funding frameworks that integrate programme objectives, resources, budgets and outcomes, with the objective of improving effectiveness and increasing core resources".

Table 1
Contributions to United Nations funds and programmes
(US$ billion)

	1990	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*
Core[a]	n/a	1.89	2.07	1.76	1.94	1.54	1.66	1.68	1.69	1.56
Other[a]	n/a	0.55	0.95	0.82	1.10	1.58	1.54	1.44	1.85	2.01
Subtotal	**2.40**	**2.44**	**3.02**	**2.58**	**3.04**	**3.12**	**3.20**	**3.12**	**3.54**	**3.57**
WFP	1.03	1.41	1.73	1.44	1.52	1.28	1.33	1.30	1.72	1.56
Total	**3.43**	**3.85**	**4.75**	**4.02**	**4.56**	**4.40**	**4.53**	**4.42**	**5.26**	**5.13**

[a] Excluding WFP.

Contributions to United Nations funds and programmes
(US$ billion)



1. United Nations Development Programme

20. In terms of total resources, the provisional total amount of UNDP income received for 1999 is US$ 2.324 billion broken down as follows: core or regular resources — US$ 682 million; non-core or other resources reflected as trust fund arrangements (including the Global Environment Facility (GEF), the Montreal Protocol and Capacity 21) and cost-sharing (bilateral third-party, multilateral and government cost-sharing from programme countries) — US$ 1,429 million; regular contributions to the associated funds and programmes — US$ 48.50 million (United Nations Capital Development Fund (UNCDF) — US$ 28.43 million; United Nations Development Fund for Women (UNIFEM) — US$ 16.85 million; United Nations Volunteers (UNV) — US$ 3.10 million); an estimated US$ 12.91 in non-core income received by the associated funds and programmes; an estimated US$ 11.52 million in miscellaneous income; and US$ 4.97 million received in extrabudgetary income. In addition, a total of US$ 135.09 million was received in 1999 with regard to management service arrangements.

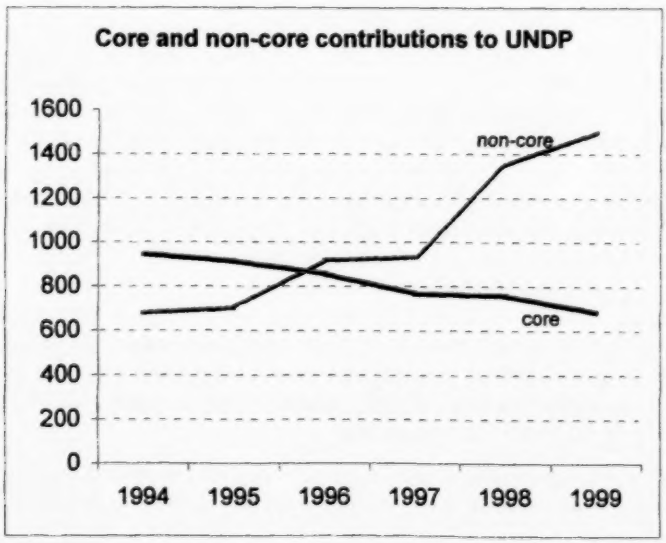
21. While the provisional total income received for 1999 is approximately 10 per cent lower than the US$ 2.546 billion received in 1998, it is higher than any other

previous year and continues the trend started in 1994 of at least a total of US$ 2 billion received in total annual income.

22. While non-core or "other" resources to UNDP have been growing significantly over the past seven years, priority must remain on mobilizing greater amounts of core or regular resources as cost-sharing and trust fund arrangements cannot replace vital regular resources. Mobilizing an adequate level of regular resources to maximize the unique impact that a strong multilateral United Nations development presence can have remains a top priority. UNDP and its associated funds and programmes UNCDF, UNIFEM and UNV are making significant progress in organizational reform reflecting concerns expressed by member states. However, in order to enhance overall development impact and effectiveness through results-based management an adequate level of core resources has to be achieved; thus, attention must be placed on the core funding situation, which remains critically low.

23. With respect to volume, it should be noted that financial figures presented for UNDP as regular contributions made in 1999 and before are based on actual income received in the respective year rather than contributions pledged for that year (which had been the established practice prior to 1999). This new way of UNDP financial figures presentation is important for the transparency of the dialogue on funding, and is in the spirit of the Executive Board legislation that the integrated resource framework constitutes an integral part of the multi-year funding frameworks (MYFF). It is important to note that all 1999 income and expenditure data are still provisional at the time of the writing of this paper and subject to modification upon confirmation of actual income and expenditure figures for the year.

24. According to provisional data for 1999, the total net income for regular resources for 1999 is $682 million, some $64 million or 8.5 per cent below the net income figure for regular resources of $746 million recorded for 1998. As presented to the second UNDP funding meeting on 4 April 2000, current estimates for gross contributions to regular resources to UNDP for 2000 using the United Nations official exchange rate of 1 March 2000, are $682 million. As non-core or other



resources to UNDP are ostensibly demand-driven, it is not possible to make accurate projections for 2000 although it is estimated that the total amount should fall in the range established in 1998 and 1999 — that is between US$ 1,542 million and US$ 1,429 million.

25. In the case of UNCDF, current estimates for regular resource contributions for 2000 are US$ 25 million, down from total provisional income of US$ 27.4 million in 1999. For UNIFEM, current estimates for regular resources for 2000 amount to US$ 19.8 million, an increase of nearly 18 per cent over the provisional gross regular resource income of US$ 16.8 million for 1999. For UNV, only 5 per cent of programme activities are financed from UNV regular resources in the form of the Special Voluntary Fund (SVF). Current estimates for regular resources for 2000 amount to US$ 4.5 million, a 33 per cent increase over the provisional 1999 income of US$ 3.4 million.

26. The decline in the overall core or regular income figures for 1999 has taken place in spite of the very positive increased commitments to UNDP regular resources made by 27 countries in 1999, including 11 OECD/DAC donors and 16 programme countries, or the fact that one OECD/DAC donor made an additional payment to regular resources over and above the pledged amount announced at the UNDP 1999 April funding meeting.

27. Elements of that same political commitment to an enhanced regular resource base for UNDP can be seen in 2000 by the fact that 18 countries have pledged higher level contributions for 2000, including 10 programme countries and an estimated eight OECD/DAC donor countries. Among these same countries, 10 also increased their contributions last year. For 2000, 12 countries have increased their commitments by 20 per cent or more in the currency in which they pledge. At present, 29 countries have pledged to retain their 1999 contribution levels, and a further nine programme countries have indicated their decision to resume payments to the regular resources of UNDP in 2000. However, against the background of Executive Board decision 98/23 and the UNDP multi-year funding frameworks (MYFF) annual target for regular resource contributions of $800 million for 2000, it is of concern that six countries, including three OECD/DAC donors, have announced reduced contributions to UNDP in 2000 compared with 1999.

28. While the commitment to increased volume is a critical element of the UNDP regular (core) funding legislation, it is also important to note the efforts made by member States to put the UNDP resource base on a sounder and more predictable footing. Multi-year pledges have been communicated formally by a total of 16 countries so far, with informal indications being given by a number of other countries.

29. Unfortunately, anticipated regular resource income for UNDP for 2000 at the time of the second annual UNDP funding meeting (4 April 2000) was substantially below the target of $800 million established in the MYFF integrated resources table. It is hoped that efforts under way, such as the UNDP business plan 2000-2003, provide evidence of, and secure stronger commitment to, the strengthening of the organization and its performance and will be reflected in a reversal of the funding trend. Moreover, UNDP anticipates that the first report on annual results (ROAR), to be presented at the annual session of the Executive Board in June 2000, will provide an important additional stimulus to mobilize corporate resources in capitals.

30. It is furthermore reasonable to expect that a higher level of contributions to regular resources than those so far committed will be forthcoming in 2000. This is particularly the case for many programme countries since their net core contributions are not known until after the application of the accounting linkage. Moreover, in the case of at least two to three major contributing countries, it is reasonable to expect that a higher level of core contributions than the level indicated at the time of the second UNDP funding meeting on 4 April 2000 will be forthcoming.

31. It should also be taken into consideration that the exchange rates used for this presentation on estimated 2000 regular contributions are the official United Nations rates as of 1 March 2000. The strength of the United States dollar is a major factor affecting overall anticipated income. As reflected in Executive Board decisions 98/23 and 2000/3, it is crucial to the predictability of the UNDP regular resource base that such fluctuations be minimized.

32. Through its decisions 98/23 and 99/1, the Executive Board recognized that overdependence on a limited number of donors carries risks for the long-term financial sustainability of UNDP and urged all donors and programme countries in a position to do so to increase their contributions to regular resources. As indicated, UNDP estimates that at least 18 countries will increase their contributions to UNDP regular resources in 2000, including increases of over 20 per cent in local currency terms by at least 12 countries. This is also relevant for other United Nations funds and programmes.[14]

33. That being said, it is clear that there are a number of risks when there is a continued overdependence of a multilateral organization such as UNDP on a limited number of donors (see table 2). In terms of the breakdown of regular resource contributions, it is currently estimated that the largest donor to UNDP in 2000 will be Japan with a regular contribution of US$ 100 million, an increase of 25 per cent over 1999. In summary, the top 10 donors to UNDP will provide 83 per cent of the total 2000 regular resources of UNDP while the top contributors to UNDP in per capita terms (at least US$ 1 per capita) are as follows: Norway, Denmark, Sweden, Switzerland, Netherlands, Finland, Luxembourg, Ireland and Belgium. The top 10 donors to UNIFEM contributed 88 per cent in 1999 and look likely to demonstrate a similar pattern in 2000. For UNV, 33 Governments contributed to the SVF during the 1998-1999 biennium with three countries covering 80 per cent of the total.

34. The UNDP Administrator has placed particular emphasis on reducing overdependence and on broadening the donor base, undertaking a concerted campaign during the first nine months of his administration to enhance the organization's outreach to parliamentarians and political decision makers in capitals, in a spirit of partnership with the members of the Programme.

35. Programme countries contribute to reducing overdependence in several important ways. In addition to providing substantial amounts of cost-sharing resources to UNDP programmes in their respective countries, programme country Governments also provide UNDP with: (a) contributions to UNDP regular resources; (b) government cash contributions towards local office costs; and (c) government in-kind contributions e.g., the provision of rent-free office premises.

[14] See table 2.

Table 2
Twenty-one major donors to core resources of the United Nations funds and programmes in 1998
(Millions of United States dollars)

	UNDP[a]	*UNFPA*	*UNICEF*[b]	*Total*
1. United States of America	97.0	20.0	107.6	**224.6**
2. Japan	87.0	48.9	94.0	**229.9**
3. Netherlands	93.3	39.0	52.0	**184.3**
4. Denmark	85.5	33.3	32.5	**151.3**
5. Norway	80.6	27.2	39.5	**147.3**
6. Germany	59.0	23.9	29.2	**112.1**
7. Sweden	66.0	16.1	33.9	**116.0**
8. United Kingdom	51.7	21.9	19.0	**92.6**
9. Switzerland	44.0	7.2	25.9	**77.1**
10. Canada	30.1	6.5	11.1	**47.7**
11. France	6.5	1.0	40.0	**47.5**
12. Finland	11.7	14.2	13.3	**39.2**
13. Italy	10.9	1.4	27.5	**39.8**
14. Australia	8.5	1.3	3.8	**13.6**
15. Belgium	12.6	1.8	9.1	**23.5**
16. Spain	5.3	0.4	14.2	**19.9**
17. Austria	10.2	0.6	3.7	**14.5**
18. Ireland	4.2	0.4	2.8	**7.4**
19. New Zealand	3.9	0.7	1.0	**5.6**
20. Portugal	1.4	0	3.4	**4.8**
21. Luxembourg	0.6	0.4	1.4	**2.4**
Subtotal	**770.0**	**266.2**	**564.9**	**1 601.1**
Other countries	75.0	2.7	12.7	90.4
Total	**845.0**	**268.9**	**577.6**	**1 691.5**

[a] Including UNDP-administered funds.

[b] Including contributions from Governments ($342.5 million) and national committees ($235.1 million).

36. UNDP is moving forward with the implementation of the Business Plans, 2000-2003 in line with discussion held during the first regular session of the Executive Board and pursuant to its decision 2000/1. While progress is being made the critical funding situation that UNDP and some of its associated funds and programmes continue to face, the steady progress in the growth of regular resources achieved by UNIFEM and UNV notwithstanding. While the growth in non-core resources for UNDP is encouraging, it can only supplement not substitute strong regular funding. UNDP, in its present form, was created to assure a coordinated

response to the challenges facing recipient countries and their partners within the United Nations system. The maintenance of an adequate level of core resources is a prerequisite to fulfilling that role. If the necessary resources are not forthcoming it would be prudent to consider how the United Nations system coordinated response can be maintained and at what cost and how the needs of recipient countries are to be met. It is vital that there be a reassertion of a strong funding base for regular resources to enable UNDP and its associated funds and programmes to play the most effective role within the United Nations system and to achieve their goal of maximum support to poverty eradication in the poorest countries.

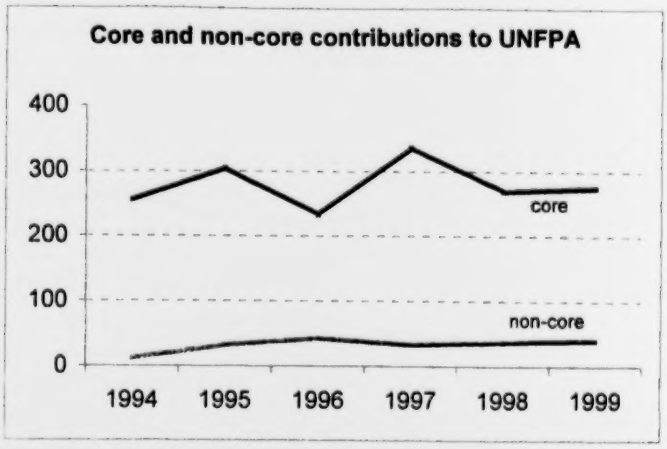
2. United Nations Population Fund

37. UNFPA core resources were US$ 305 million in 1995, which was the year after the International Conference on Population and Development in Cairo. UNFPA's resources were also above US$ 300 million in 1996, but then core resources started to decline slowly. In 1999 UNFPA received approximately $250 million as core income. UNFPA is trying hard to reverse this downward trend and estimates that core resources for 2000 will be $ 275 million.

38. Early encouraging indications affirmed that 10 OECD/DAC donors and 8 programme countries are likely to increase their contribution to UNFPA core resources for 2000. The United States, as a returning donor, has already paid in full its contribution for 2000 and has pledged for 2001. Projected resources for the coming years are based upon a prudent principle of expecting resources to grow slowly but surely during 2000 and 2001 and more rapidly during 2002 and 2003, the two final years of the multi-year funding framework period. This MYFF-approach would provide UNFPA with some time to start reporting on results achieved, while at the same time allowing the donors a longer time-frame for increasing pledges and contributions to UNFPA. This is in line with indications from some donors to substantially increase their contributions to UNFPA in 2002 and onwards.

39. A few donors have indicated that they wish to move closer to the agreed target of 0.7 per cent of GNP to be spent on ODA. A positive example is Luxembourg, which has announced that it will reach the 0.7 per cent target this year. Furthermore, many industrialized countries are witnessing a period of considerable economic growth, which should be taken into account when core contributions to UNFPA and ODA levels are being discussed. The economic growth of some donor countries will affect positively the trend of their contributions. However, the increase in gross national product (GNP) in other countries so far has not had the desired effect on their core commitments to UNFPA.

40. For 2000, about 52 countries have pledged support to UNFPA core resources. A dozen countries have made multi-year pledges. Although many member countries have not been able to make a multi-year pledge this year, some have indicated that they would try to do so next year.

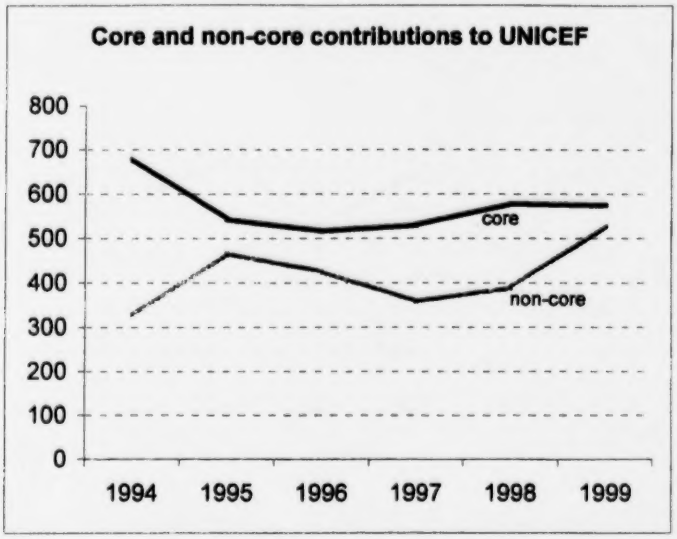


41. UNFPA is encouraged by the growth in its supplementary resources, which are expected to reach the $40 million target in 2000 versus $275 million for core resources although core resources remain invaluable in helping to meet the goals in the area of population and reproductive health. This includes meeting the unmet need in family planning; improving maternal health including through assisted child birth and preventing human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS), among others.

3. United Nations Children's Fund

42. UNICEF is focusing on priorities for 2000 and beyond — a combination of the World Summit for Children goals, in particular the "unfinished agenda" (including polio eradication, the Expanded Programme on Immunization, maternal and neo-natal tetanus, Guinea worm, malaria and girls' education), and the "New Agenda" for Children, focusing on the integrated early childhood care, quality education, and the needs of adolescents, and collection and analysis of critical data and information. While progress has been made towards achieving the World Summit for Children goals, end-decade obstacles are being faced, such as poverty, HIV/AIDS and protection issues for children and women, in particular in relation to conflicts, exploitation, trafficking, and other major abuses of human rights.

43. UNICEF has two distinct bases of support. It is supported by Governments in its capacity as one of the funds and programmes of the United Nations multilateral system of operational activities for development. It is also supported by civil society around the world. UNICEF is unique within the United Nations system in that more than a third of its total income comes from non-governmental contributions, mainly through the national committees of UNICEF located in 37 countries.



44. Since 1990, contributions to core resources in real terms have stagnated, averaging around $542 million per year. In 1999, regular resources amounted to US$ 589 million against US$ 571 million in 1998. The portion of regular resources coming from Governments has generally declined from 75 per cent in 1990 to 60 per cent in 1999. Total regular resources from Governments in 1999 were US$ 345 million against US$ 344 million in 1998. This represents an increase of less than 1.5 per cent, which is lower than the medium-term plan funding target of 3 to 4 per cent. A relatively limited number of Governments contribute the majority share of government regular resources. In 1999, 15 government donors provided 60 per cent of the total UNICEF income, and the 21 DAC member countries contributed 97.9 per cent of total governmental core resources and the top 10 donor Governments provided 88.3 per cent of government funding. The top national committee in 1999 ranked second among all contributors, with only one Government providing a greater amount.

45. UNICEF encourages contributions to core resources, which make it possible for the organization to have a presence in all programme countries, give it the capacity to develop a country programme of cooperation with the Government and then support its implementation. Nevertheless, many donors are willing to provide additional resources which are indispensable to the effectiveness of UNICEF. These other resources are a tool for expanding the reach of country programmes and ensuring the capacity to deliver critical assistance to children. Other resources are also essential to the organization's ability to respond to emergency situations.

46. Total other resources income was US$ 529 million in 1999. This was US$ 104 million more than the medium-term plan projection of US$ 425 million and US$ 134 million (34 per cent) more than the actual in 1998. Regular other resources income amounted to US$ 332 million in 1999, US$ 53 million (19 per cent) more than last year and US$ 31 million (10 per cent) more than the target amount of US$ 301 million in the medium-term plan. Total other resources income for emergency

was US$ 197 million in 1999. This was US$ 73 million (59 per cent) more than the medium-term plan amount of US$ 124 million and US$ 81 million (70 per cent) more than the amount of US$ 116 million UNICEF received in 1998. Of the above total other resources income, contributions from the private sector amounted to US$ 181 million, an increase of about 37 per cent over the US$ 132 million received from private sources.

4. World Food Programme

47. WFP is funded by contributions made in food and cash. Commodity pledges are made either in monetary terms or physical quantities. Funds to cover the costs related to the transportation of the commodities, implementation of programmes and other associated costs are provided in addition to the commodity pledges, in line with the principle of full cost recovery. This means that each contribution must cover all costs associated with its utilization.

48. Contributions to WFP have over recent years ranged between US$ 1 billion in 1990 to US$ 1.56 billion in 1999. The highest level ever achieved by the Programme was in 1992 with contributions amounting to US$ 1.73 billion. In 1999, the level of contributions was high as well, totalling US$ 1.56 billion. The resources available to the Programme are subject to a number of influences including the development cooperation policies and priorities of donors as well as world prices of food commodities and ocean transport.

49. The heightened level of need due to a dramatic escalation in emergencies and the decline in the international prices for cereals and ocean transport tend to explain the high levels of donations to WFP in particular years. Predictions of prices are speculative, but WFP expects the international prices of its major commodities to begin to increase during 2000 and 2001. As the prices of cereals tend to fluctuate, planning predictions are usually based on historical five-year averages to ensure against market fluctuations. This prediction, if it should hold true, would translate into approximately US$ 1.4 billion in resources for WFP in the coming year.

50. Resources provided to WFP can be channelled through the multilateral, directed multilateral and bilateral funding windows. All contributions channelled through the multilateral window are considered core resources. Such contributions are not earmarked to any particular project or operation. The level of multilateral contributions provided to WFP has declined in recent years. WFP encourages donors to increase this type of funding support as it enhances WFP's operational flexibility. Contributions channelled through the directed multilateral and bilateral windows are considered non-core resources. A contribution is considered to be a directed multilateral contribution when it is eamarked to a particular project or operation. Bilateral contributions are those provided in support of activities not initiated and managed by WFP. In such cases, WFP provides services (purchase, transport and/or monitoring) to food aid activities arranged by other organizations, such as NGOs or bilateral donors. As the utilization of such contributions is not determined by WFP, they have been classified as non-core resources. For the future, WFP has revised its definition of core and non-core resources in order to better reflect the nature of assistance provided and current resourcing modalities.

B. Recent decisions of the Executive Boards of the United Nations funds and programmes on funding arrangements

51. In order to restore growth and enhance predictability to the core resource base of United Nations funds and programmes, and in line with General Assembly resolution 50/227 of 24 May 1996 and Economic and Social Council resolution 1997/59 of 24 July 1997, the Executive Boards were engaged in very intensive dialogue and negotiations throughout 1998 on the development of a sustainable funding strategy for UNDP, UNFPA and UNICEF. As a result, the UNDP/UNFPA Executive Board approved landmark decisions 98/23 and 98/24 on UNDP and UNFPA funding strategies and 99/1 and 99/5 on their multi-year funding frameworks. The UNICEF Executive Board adopted its resource mobilization strategy (decision 1999/8). These decisions envisaged the following plans of actions.

1. United Nations Development Programme

52. The UNDP Executive Board, in its decision 98/23, adopted an annual funding target for UNDP core resources of $1.1 billion and stressed the urgent need to achieve annual increases until the target is met. The Board reaffirmed the need to reverse the downward trend in core resources and to establish a mechanism to place UNDP core funding on a predictable basis. In this context, UNDP was requested to develop an MYFF that integrates programme objectives, resources, budget and outcomes with the objective of increasing core resources. In the same decision, the Board also recognized that over-dependence on a limited number of donors carries risks for the long-term financial sustainability of UNDP and therefore urged all countries in a position to do so to increase their core contributions. Finally, the Board endorsed in decision 98/23 the ongoing efforts to enhance the impact of the advocacy and institutional profile of UNDP by strengthening its communication and information strategy.

53. Through its decisions 98/23 and 99/1 on MYFF, the Executive Board has put in place legislation to develop a new funding system designed to generate a more dynamic and transparent dialogue on UNDP core funding and to facilitate greater volume and enhanced predictability through multi-year pledges. The first annual funding meeting, held as a result of these decisions in the second session of the Executive Board in April 1999, resulted by year-end in increased pledged contributions announced by a total of 39 countries, and multi-year pledges being announced by 21 countries.

54. The UNDP Executive Board decision 99/23 reaffirms decisions 98/23 and 99/1 and welcomes the significant achievement of UNDP both at headquarters and in the field in developing the MYFF. The decision expresses deep concern about the continuing overall decline in the level of core resources, and encourages all countries in a position to do so, to increase both the volume and the predictability of their contributions to UNDP regular resources.

55. Decision 99/23 also requests the Administrator to submit to the Executive Board at its annual session in 2000 proposals for revising and updating the MYFF, as required, indications of how lessons learned from one multi-year funding framework cycle will be taken into account in the subsequent cycle and proposals for the structure and timing of the MYFF report.

2. United Nations Population Fund

56. To promote growth and enhance the predictability and stability of UNFPA core resources, the UNDP/UNFPA Executive Board approved decision 99/5, which requested UNFPA to embark upon a multi-year funding framework that integrates programme objectives, resources, budget and outcomes, with the objective of increasing core resources.

57. The Executive Board also recognized that over-dependence on a limited number of donors carries risks for the long-term sustainability of UNFPA and therefore urged all countries in a position to do so to increase their core contributions. In 1999, the 14 top donors of UNFPA accounted for about 98 per cent of the Fund's total core resources; three of these donors — Japan, the Netherlands and Denmark — accounted for 50 per cent. In this context, UNFPA is trying hard to broaden its donor base, and the goal for 2000 is to reach 100 donors. The new funding system is designed to generate a more transparent dialogue on UNFPA core funding and to promote greater volume and increased predictability through multi-year pledges.

58. In its decision 2000/9 of the UNDP/UNFPA Executive Board, the Executive Director of UNFPA is requested to implement the MYFF (2000-2003). Furthermore, the Executive Board encouraged all countries in a position to do so to assist UNFPA to reach a total figure of regular and supplementary resources of $1,434 million from 2000-2003. The decision also requests the Executive Director to report to the Executive Board at its annual session 2001 and annually thereafter, on the development and refinement of the multi-year funding framework.

59. Finally, the Executive Director is requested to present a detailed report at its annual session 2003 on the results achieved in the cycle, lessons learned, and their implications for priority setting and formulation of the MYFF for the subsequent cycle, taking into account the need to harmonize UNDP/UNFPA/UNICEF reporting cycles.

3. United Nations Children's Fund

60. The UNICEF Executive Board decision 1999/8 on the resource mobilization strategy, strengthens UNICEF's role as the lead United Nations agency for children, especially with regard to supporting national efforts to reach the goals of the World Summit for Children (WSC) and to implement the Convention on the Rights of the Child. The strategy aims to increase contributions to core resources and make them predictable and assured, while promoting increased burden-sharing among donor Governments. It also addresses issues related to other resources, including emergency funds. The strategy proposes an annual pledging session to facilitate the shared intergovernmental responsibility for resource mobilization that will rely on the action of Governments. In the spirit of burden-sharing among donors, the strategy encourages each government donor to set a vision for its support entering the new millennium, with a view to achieve accelerated action for the World Summit for Children goals and the new challenges ahead for UNICEF.

61. Voluntary contributions to UNICEF from Governments provide about two thirds of its total resources with most of the remainder coming from national committees. As the lead United Nations agency for children, UNICEF operates on

the basis of a global consensus for its activities through its governance structure and its mission statement approved by the Executive Board.

62. The Executive Board emphasized the importance of voluntary nature of contributions and continued to recognize the importance of private sector contributions. A small number of Governments provide the bulk of contributions to UNICEF, which makes UNICEF vulnerable to changes in the national economies or policies of those few countries.[15] As an example, 15 government donors provided 60 per cent of the total UNICEF income in 1999. To assure a more reliable funding base, the Executive Board has stressed the importance of burden-sharing among donors and proposed a multi-year funding strategy.

63. The resource mobilization strategy together with the strategic medium-term plan, the biennium support budget, the country programmes, and the results-oriented annual report of the Executive Director, comprise the building blocks for the multi-year funding framework, and comprise a conceptional integration of the organizational priorities and main areas of action (goals and objectives), budget and resources.

4. World Food Programme

64. During the early 1990s it was becoming increasingly clear that WFP had a serious funding problem due to the fact that donor contributions, in the aggregate, were no longer reaching the required balance between commodity pledges and cash resources. A formal working group on options for WFP resources policies and long-term financing was established by the Committee on Food Aid Policies and Programmes, the precursor of WFP's Executive Board, to review the situation and make proposals for resolving these issues. The new policies were approved by the fortieth session of the Committee in October 1995. The implementation of these policies commenced in 1996 and resulted in significant benefits including increased transparency and accountability, and improved predictability, planning and management of resources at both the organizational and project levels. A review of the policies was carried out from September 1997 to October 1998, and the resulting recommendations were approved by the Executive Board, at its first regular session in January 1999. These policies are aimed at improving the predictability, efficiency and flexibility of the policies approved in 1995 while retaining the principle of full cost recovery.

65. The WFP Executive Board expressed an interest in reviewing the future funding strategy for WFP when it approved the review of WFP's resources and long-term financing policies in January 1999. Following this recommendation, a process of internal review begun and a series of activities to solicit the views of the membership were initiated. The resources mobilization strategy will be submitted to WFP's Executive Board at its annual session in May 2000.

C. Assessment of new funding arrangements

66. While it is clearly too early to assess the full impact of the new funding arrangements in any comprehensive manner, especially as a number of elements are not yet fully in place, it is necessary to note that initial results of pledges made in

[15] See table 2.

the first part of this year in the Executive Boards were disappointing in relation to targets set.

67. In terms of early positive trends regarding predictability, an encouraging sign of partnership and the commitment of member States to a new and sustainable funding strategy for UNDP in 1999 was the fact that 21 countries, including 12 programme countries, provided a multi-year pledge to UNDP in 1999, despite the transitional nature of the first funding meeting. In 2000, it is estimated that a total of 18 countries will have made indicative pledges for 2001 and eight countries for 2002. In most cases, the amount indicatively pledged for 2001 and 2002 is at least at the same level as that of 2000 (subject to government or parliamentary approval). Very significantly, three countries have now set a precedent of using those multi-year commitments as a floor from which to make increases in subsequent years. A number of member States that are unable to provide a multi-year pledge formally, because of national legislative and other restrictions, have nevertheless provided the Programme with indicative amounts for forthcoming years, in recognition of the value of this in terms of financial predictability.

68. In addition to providing for multi-year pledges, the Executive Board determined in its decision 98/23 that the predictability of core resources could be further enhanced if member States announce specific payment schedules during the funding meeting, with early payment encouraged. A total of 25 countries provided fixed payment schedules in 1999. In line with decision 98/23, conference room paper DP/2000/CRP.3, entitled "UNDP regular funding and cash flow management", submitted to the Executive Board at its first regular session in 2000, provided a review of experience in 1999 regarding the timing of payments of contributions to UNDP with the schedules provided by OECD/DAC donors. It was noted that the experience in terms of payments of core (regular) resources during 1999, the first year of the new funding arrangements, was sub-optimal. While a total of 17 major donors announced specific payment schedules for their 1999 voluntary contributions to UNDP, only eight fully met the payment dates they had specified. Another four countries effected payments within one month of the originally specified dates. Four countries effected payments more than one month later than specified and one country did not make any payment in 1999. Of the eight programme countries, which announced fixed payment schedules for 1999, a total of seven countries met their payments within the year and one country made no payment during the calendar year.

69. It will be recalled that fixed payment schedules permit the organization to establish a known United States dollar value to its contributions. This is achieved through the use of financial instruments that ensure in advance a fixed United States dollar amount for the conversion of non-United States dollar contributions, the purpose being to establish the United States dollar value of contributions at known levels for stability and programme planning purposes. The contractual nature of these financial instruments requires that settlements be effected at the contract dates, hence the critical importance of reliable amounts and strict adherence to payment schedules. During 1999, the United States dollar retained its strength throughout the year, appreciating against the European-based currencies; that trend has continued into 2000. UNDP was able in 1999 to engage in hedging for only a relatively small amount of the contributions anticipated in non-dollar denominated contributions, owing to a lack of definite information concerning amounts and/or payment schedules early in the year for several major contributors, as well as a decision to

take a prudent approach to hedging in 1999 in light of the lack of historical experience with the announcement of specific payment schedules.

70. In recognition of the implications of payment performance for financial management and, eventually, programme delivery, the Executive Board, in its decision 2000/3, noted the serious impact of delayed payments on cash-flow management, and the importance of officially communicating regular resources contributions for 2000 as early in the year as possible. In the same decision, the Board expressed support for the recommendation of the Administrator for a comprehensive implementation of the elements of the UNDP funding strategy concerning the announcement of pledges and adherence to a fixed payment schedule. It is hoped that with such attention, performance in this area of enhancing predictability will improve.

71. Although experience is still being gained with this new system, the tendency for countries that made multi-year pledges in 1999 to use this as a minimal base for a further increase in 2000 is a positive trend and manifestation of commitment to rebuilding the regular resource base. It is important that in 2001 an even greater number of countries commit to multi-year pledges of this nature.

72. While the body of legislation dictating regular UNDP funding clearly reaffirms the voluntary nature of regular (core) contributions as a key fundamental principle, it is also clear that the voluntary nature of regular funding to UNDP and its associated funds and programmes, and, more broadly, for all United Nations funds and programmes, continues to leave critical United Nations development activities particularly vulnerable to reductions. As a result of significant reductions by 2 or 3 major donors, as well as in part due to the strength of the dollar, estimated regular UNDP resources for 2000 at the time of the UNDP funding meeting stood at only US$ 682 million despite the fact that several donors increased their 2000 regular contributions in local currency terms. Consequently, discussions during the April 2000 UNDP funding meeting discussed the need to develop greater political will and stronger collective commitment to agreed MYFF targets for regular resources.

73. For UNFPA, it is still too early to fully assess the impact of the new funding arrangement. Fortunately, a promising number of countries announced that they would increase their core resources in local currency terms although two other donor countries announced substantial decreases. UNFPA plans to intensify its efforts in mobilizing support from all countries, including developing countries, countries with economies in transition and private foundations. It is expected that by the end of 2000, the downward trend should have been reversed. Even though the current period of economic growth of the world economy does not automatically lead to increased pledges to UNFPA's core resources, it is expected that the combined effect of the positive appreciation of the Fund's activities and the positive outcome of the International Conference on Population and Development (ICPD) five-year review process could lead to increased contributions in the near future.

74. Non-core resources, including cost-sharing, trust funds and non-traditional sources of financing constitute an important mechanism to enhance UNFPA's capacity to deliver population programmes. Although, the growth in non-core resources for UNFPA is very positive, it can only supplement but never replace regular core funding.

75. In respect of an assessment of the new funding arrangements, including MYFF, on the financial situation of UNICEF, it is too early to indicate the full impact of the Decision. By its decision 1999/8, the Executive Board noted the financial part of the medium-term plan for 1998-2001 forecast included an annual growth in income of 3 to 4 per cent to be used for planned organizational expenditures, while the funding target for the resource mobilization strategy used an annual growth in income of 7 per cent, to reach US$ 1.5 billion by 2005, as a challenge for the mobilization of regular and other resources from Governments, the private sector and all other donors. Total UNICEF estimated income for 1999 was US$ 1.118 billion, which was US$ 152 million more than the 1998 income of US$ 966 million or a total increase of about 16 per cent. Of the US$ 1.118 billion, 62 per cent was received from Governments, 35 per cent was income from the private sector and 3 per cent was other income. Regular resources accounted for 53 per cent of total income, other resources amounted to 47 per cent of which 29 per cent was for regular programmes and 18 per cent for emergencies.

76. While the target of the UNICEF financial medium-term plan was met in 1999, there is still an important gap between the resource mobilization strategy target and the projected income. In addition, income in the form of other resources has increased at a significantly higher rate than for regular resources, which underscores the need to promote core support to UNICEF, with continued focus on increased burden sharing. In this respect, UNICEF hopes it will be possible to further broaden the donor base during 2000. In terms of predictability this has been significantly increased due to the pledging event since a significant portion of the medium-term plan financial plan target was met at the pledging event.

D. Assessment of the impact of funding trends

77. While the regular (core) resources for the United Nations funds and programmes continued to be stagnant or decline, the need for sustained development assistance, both through bilateral as well as multilateral channels including the United Nations system, remains pressing. Moreover, the effects of fluctuation in the exchange rates continues to affect the reliability and predictability of resources available for programming.

78. As outlined in UNDP's *1999 Human Development Report*, more than a quarter of the 4.5 billion people in developing countries do not have access to knowledge and minimum private and public services, and do not survive beyond 40 years of age. Nearly 1.3 billion people do not have access to clean water; one in seven children of primary school age is out of school; almost 840 million people are malnourished; and an estimated 1.3 billion people live on incomes of less than one dollar a day.

79. Furthermore, it should be noted that 95% of the world population growth takes place in the developing countries and that the population doubling time in most of the least developed countries is less than 30 years. There still exists an unmet need for reproductive health, including family planning and sexual health in most developing countries and countries with economies in transition. Furthermore, the threat of HIV/AIDS is far bigger than had been assumed 10 years ago.

80. The focus by the international community on making progress towards achievement of the international development targets established in the major

conferences of the 1990s does in itself require a major role on the part of the United Nations, both globally and at the country level. While the operational activities of the United Nations development system account for only a small portion of total ODA, it plays a key role in promoting and catalyzing action at the country level. It is imperative that the decline in regular (core) resources is reversed so that the United Nations development system can play its catalytic role in helping countries reach the targets of the United Nations global conferences, including halving the prospect of people living in extreme poverty by 2015. The emerging agreement within the international community to focus funding around the achievement of goals, as a way of enhancing development aid effectiveness, makes the multi-year funding frameworks still more important as essential tools for corporate resource mobilization.

United Nations Development Programme

81. Given the strong country-level emphasis of UNDP work, cutbacks in core resources have their strongest effect in the 170 programme countries that UNDP serves through its universal network of 134 country offices, presenting a serious challenge to the viability of UNDP's regular funded programmes in those countries. The continued decline in resources has had a significant impact on the effectiveness and impact of UNDP in the field, both in terms of its own programmes, and in terms of the fulfilment of its mandate as the principal country-level platform for the United Nations development system. Funding constraints have impacted negatively on the effectiveness of these country-level platforms precisely at a time when the Secretary General's reform programme for the United Nations is under way as a means of strengthening the overall multilateral system, and at a point in that process when now more than ever, a strong United Nations development presence in the field is required.

82. The continued decline in regular (core) resources impacts directly on the multilateral nature of UNDP's work in the field: while other (non-core) resources are an extremely important complement to expanding the capacity of UNDP's programmes, nevertheless they cannot substitute for a solid foundation of regular resources which guarantee the bedrock of the universality of UNDP.

83. In global terms, the depletion of UNDP's balance of liquid regular resources by the end of 1999, together with the projected levels of annual voluntary contributions, has resulted in successive reductions of programming levels, with an extension of the 1997-1999 programme funding cycle over a fourth year to include the year 2000. Programme earmarkings have been reduced overall by more than 30 per cent, with the need to proportionally further reduce planned programming levels for 2001 and 2002. Although the above adjustments have been applied to all programme lines on an across-the-board basis, their effect at the programme country level poses a serious challenge to the magnitude and desired impact of UNDP activities, especially with respect to least developed countries and low income countries which receive the bulk of TRAC resources (i.e., 60 per cent for least developed countries and 88 per cent for low income countries). The real value of UNDP assistance has dropped by about 60 per cent since 1992.

84. UNDP has a clearly established capacity to programme and deliver well above the reduced programme expenditure levels cited above. Country offices continue to emphasize that programme countries demonstrate not only the need for high-quality,

impact-oriented and increasingly policy-oriented upstream programmes but also the absorptive capacity to formulate and deliver such assistance at levels well above the $1.6 billion UNDP spent in 1999.

United Nations Population Fund

85. Also for UNFPA, cutbacks in core resources have had a very negative effect in the programme countries where UNFPA is active. The recent ICPD five-year review process showed that the ICPD approach has taken hold and generated considerable momentum: government policies are changing and national programmes are being redesigned to reflect the ICPD Programme of Action.

86. The recent decline in resources could not have come at a worse time. Just at the time when the programmes are being effectively implemented, the brakes are being put on these programmes and resources are being cut. The situation can be likened to an ocean liner: once it is stopped or slowed down, it is extremely difficult, and costly, to restart and very slow in getting back up to speed. Such a stop-and-go process impedes progress, prevents economies of scale and disrupts the efficient management of programmes and resources.

87. In June 1998, the Executive Board endorsed the UNFPA work plan 1999-2002, in which the income from the general resources for 1999 was estimated at $310 million. A year later, in June 1999, UNFPA reported that the updated estimate of income was $255 million, a reduction of $55 million.

88. The impact of this shortfall in resources for population programmes during 1999, including reproductive health programmes were severe. These include over 1 million additional users of traditional contraceptive methods who might have otherwise used more effective modern methods and 1.5 additional continued non-users of any method of family planning. This magnitude of decreased effectiveness or diminished means to implement reproductive choice were expected to lead an additional 1.4 million unwanted pregnancies. Moreover, these additional unwanted pregnancies were expected to lead to over 570,000 induced abortions and over 670,000 additional unwanted births. The additional unwanted pregnancies were also expected to be associated with over 3,300 maternal deaths and more than 43,000 cases of serious maternal illness consequent to delivery. At current levels of survival risks for infants and children, these additional births were expected to result in nearly 41,000 added infant deaths and about 15,000 added child deaths.

89. Harder to quantify impacts include a reduction in efforts to combat sexually transmitted diseases (including HIV/AIDS) and to lower the incidence of harmful traditional practices (such as female genital mutilation). It costs only 25 cents for one month's supply of oral contraceptive pills; $2 for a clean delivery kit; and only 2.5 cents for a condom. Reproductive health programmes, including family planning, safe motherhood and HIV/AIDS prevention programmes were being hard hit by the resource shortfall. For UNFPA, it is hoped that the MYFF process will be the beginning of a long period of financial stability for UNFPA.

United Nations Children's Fund

90. The current funding trends remain crucial for UNICEF since without renewed commitments and increased resources, the major goals set by the World Summit for Children in the areas of child and maternal mortality, malnutrition, education, water

and sanitation will not be met at the global level and UNICEF's ability to support the implementation of the Convention on the Rights of the Child will not reach its full potential. The future agenda of UNICEF, which focuses on early childhood care, access and quality of education, in particular girls' education, and adolescents in terms of their right to participation, protection and information, will also depend on significant resources being made available. More importantly, core resources remain the foundation for UNICEF's country programmes while other resources are indispensable for expanding the reach of country programmes and ensuring the capacity to deliver critical assistance to children.

World Food Programme

91. WFP has a dual mandate, providing assistance relief and development purposes. WFP's assistance is also targeted to activities pre- and post-disaster, including disaster mitigation and preparedness as well as recovery and rehabilitation. While WFP has been blessed over its 37-year history with extremely generous donors and, in most cases, adequate resources to perform its mission, our focus and that of our donors has changed over time. While the level of core resources has not been substantially affected, the level of development resources has declined. Since its inception in 1963, WFP's programme has evolved from having a substantial development portfolio (70 per cent) and little emergency activity (30 per cent), to today having 80 per cent of the Programme's resources dedicated to emergencies and nearly 20 per cent to development.

92. Although the focus of WFP's work has shifted to emergencies, a thoughtful and deliberate process of reviewing the role of food aid in development was undertaken by the Executive Board last year. The importance and significant impact that food aid has in the development process was reinforced, and the need to ensure that such assistance is focused, targeted and integrated was reiterated. Clear objectives for improving the quality and focus of our programmes were set. In addition to these very substantial commitments and actions already undertaken, donors and member States have urged that WFP consider a number of suggestions in order to promote increased funding levels for the development portfolio. These will be included in the resources mobilization strategy, which will be submitted to the Executive Board at its annual session in May 2000. As a result of these two initiatives, it is expected that the level of funding for development will increase, or remain stable, to enable the achievement of results consistent with the recommendations of the development review.

E. Structural and managerial changes within the United Nations funds and programmes

93. The shift in the funding systems of United Nations funds and programmes to results-based management is significant in that it enables each organization to articulate results linked to regular (core) contributions as well as with other (non-core) resources. For UNDP, the first multi-year funding framework was presented to its Executive Board in September 1999, as the key vehicle for corporate resource mobilization. The MYFF draws from a comprehensive empirical base of strategic results frameworks (SRFs), and integrates programme objectives, resources, budgets and outcomes: SRFs in themselves have also become a significant strategic management tool at the country level, making the MYFF/results-oriented annual

report an essential strategic tool to capture the results and demonstrate the effectiveness of UNDP work, thereby further strengthening the case for a sound bedrock of funding in support of defined development outcomes. UNDP will present its first ROAR based on the MYFF in the annual session in 2000.

94. UNICEF's management excellence programme has resulted in more efficient structures and processes throughout the organization, and the Executive Board has been informed of these changes through periodic reports. In addition, through the annual budgetary review process, both headquarters and field offices have been asked to look for savings that will not affect the quality of programme delivery, in such areas as travel or the use of consultants. However, a continued decline in contributions to core resources ultimately will mean smaller allocations to country programmes, based on the formula approved by the Executive Board in 1997, with the result that the programmes approved by the Executive Board might not be fully implemented.

95. For UNFPA, the first multi-year funding framework was presented to its Executive Board in April 2000, as the key instrument for results-based management and for vigorous resource mobilization. The MYFF integrates programme objectives, resources, budget and outcomes, making it an important tool in order to demonstrate the results and impact of UNFPA's programmes. Furthermore, the ICPD five-year review process provided the opportunity to undertake an overall review of national experiences in implementing the ICPD Programme of Action. The process culminated in the twenty-first special session of the General Assembly, which adopted a resolution entitled "Key actions for further implementation of the Programme of Action of the International Conference on Population and Development" on 2 July 1999. The result of this process is a new programme direction for the Fund with a sharpening of the focus of its programme priorities. Partnerships with civil society and private sector organizations are being reinforced in many areas, including reproductive health, commodity security, resource mobilization, quality assurance, service delivery, and advocacy.

96. A review of WFP resources and financing mechanisms was undertaken in 1995 with a view to increase the flexibility and predictability of resources. The resources and long-term financing policies were approved by the fortieth session of the Committee on Food Aid Policies and Programmes (precursor of WFP's Executive Board) in October 1995 and implemented in 1996. It encompassed a recategorization of WFP's funding windows and programme categories and introduced the principle of full cost recovery aimed at ensuring that all costs associated with a contribution are fully covered. A review of the impact of these policies commenced in September 1997. The review found that significant benefits had accrued from the policies including increased transparency and accountability, and improved predictability, planning and management of resources at both the organizational and project levels.

97. A review of WFP's resource mobilization programme was initiated in 1999, which involved an analysis of internal factors and simultaneously initiated a series of activities to solicit the views of the membership. As an entirely voluntarily funded organization, donor support for WFP is heavily dependent on the quality of its field projects and on the level of its accountability to stakeholders. While much of the review looks outside the organization for increased predictability and levels of resources, a number of internal issues are also being addressed in order to

facilitate resource mobilization. The resources mobilization strategy will be submitted to WFP's Executive Board in its annual session in May 2000.

F. United Nations Pledging Conference for Development Activities

98. Based on the initial analysis of new funding modalities and new pledging events, it is possible to conclude that a significant portion of the resources needed were pledged or indicated at the Pledging meetings of the UNDP/UNFPA and UNICEF Executive Boards and gave clearer view of the payment schedule of some Governments which would greatly facilitate financial planning and management. With all these developments the time may have come to decide on the future of the United Nations Pledging Conference for Development Activities, as requested in General Assembly resolution 50/227.[16]

G. Conclusions and recommendations

99. Core funds provided by Governments remain the indispensable foundation of the funds and programmes, both to meet national demands and to respond to global trends.[17] The continuing decline or stagnation of this category poses a serious challenge to the ability of the funds and programmes to undertake the tasks they are mandated to do.

100. Even though the United Nations funds and programmes have made great strides in structural reforms, including the introduction of results-based management systems through the development of strategic results frameworks in the context of the multi-year funding frameworks, and UNDP continues to undergo significant organizational reform (e.g., the implementation of the UNDP Administrator's business plans and the UNICEF management excellence programme) in order to address priority development policy issues with a more coordinated and effective approach, nevertheless regular (core) resources are still declining.

101. In brief, the following factors can be cited for the continued decline in core resources:

(a) The voluntary nature of core funding — as regular (core) contributions are voluntary in nature, when donors cut back ODA expenditure it is frequently the voluntarily funded organizations that suffer most since there is no legally binding or parliamentary commitment to contribute, as is the case for IDA replenishment and the development programmes of the European Union. While the new system of multi-year pledges is a step in the right direction to secure a more predictable level of resources, the fact remains that when national ODA budgetary levels are under

[16] See General Assembly resolution 50/227, annex 1, para. 16.

[17] Core resources are generally understood as those contributed voluntarily to the funds and programmes for general resources, to be utilized according to their mandates, without any constraints or conditions. Within that broad understanding, there are subtle but significant differences. UNDP core resources are entirely contributed by Governments; UNICEF obtains its core funds or general resources both from Governments and non-governmental sources, such as national committees. UNFPA core funds are almost but not exclusively government funds; a minuscule amount comes from non-governmental private donations. WFP receives most of its contributions from Governments in cash and in kind (see E/1997/65/Add.1), para. 13.

domestic pressure it is often the regular (core) contributions that are hardest hit due to their voluntary nature;

(b) An increased focus on humanitarian assistance — another factor affecting core resources for the development funds and programmes has been an increased public focus on humanitarian assistance, including specifically the need to find special resources to finance efforts to sustain the international presence in such situations as in Kosovo and East Timor;

(c) Ever-increasing demands for other users of grant multilateral ODA — an increasing number of claims are being placed on the relatively limited level of grant-based multilateral aid available. For example, while debt reduction in highly indebted poor countries (HIPC) is a very important initiative, it is also crucial that the costs of HIPC be met by additional finance as agreed and not be borne by direct or indirect diversion from multilateral grant ODA, originally intended as voluntary regular (core) contributions to United Nations funds and programmes. Other proposals for the establishment of broad open-ended global trust funds run a similar risk of absorbing part of the already limited multilateral grant ODA available for core contributions to the funds and programmes;

(d) Changing and highly competitive international development cooperation environment: in addition to new demands on scarce grant resources, there has been a broadening of operational activities of a number of key institutions, such as the World Bank, in areas that were previously the purview of the United Nations development system;

(e) The diversity of issues addressed by the United Nations development system makes it difficult to provide crisp statements about achievements, particularly in the short run. The Department of Economic and Social Affairs of the Secretariat, through its modest programme of impact evaluation, is attempting to address this issue at the system-wide level as United Nations funds and programmes are doing at the agency level. In both instances it should be recalled that complex issues require time to be solved and that they also require resources.

102. While UNDP's overall total income remains significant at approximately US$ 2.32 billion (1999 provisional net figure), the six-years decline in regular (core) funding has not yet been reversed and the regular (core) funding situation remains extremely critical at an estimated US$ 682 million for 2000 (same figure as provisional net figure for 1999). The reversal in the downward trend by the end of 2000 is urgently required if progress is to be made towards the annual funding targets established in the MYFF, so that a concerted pattern of growth towards the target can be evidenced, in line with the requirements of the MYFF cycle.

103. In reviewing these new funding arrangements, greater attention needs to be paid not only by the Executive Board but also by all member States to finding ways and means to facilitate greater political will and commitment to the collective by agreed MYFF targets so that regular funding levels can quickly return to a pattern of growth.

104. UNICEF has a unique relationship with the public around the world, through its goodwill ambassadors, UNICEF greeting cards and most importantly, through the national committees for UNICEF. In 1999 regular resources amounted to US$ 589 million against US$ 571 million in 1998. The portion of regular resources coming from Governments has generally declined from 75 per cent in 1990 to 60 per cent in

1999. Total regular resources from Governments in 1999 was US$ 345 million against US$ 344 million in 1998. This represents an increase of less than 1 per cent, which is lower than the MTP funding target of 3-4 per cent. Support from civil society is a critical component of the UNICEF resource base; about one third of the organization's resources depend on the national committees and on private-sector fund-raising. In addition to fund-raising for UNICEF, the national committees, through their communication activities, play a key role in increasing awareness of children's and development issues while at the same time raising the profile of UNICEF and the effectiveness of its programmes. The creation of a climate of public opinion that is favourable towards development assistance in general, and UNICEF in particular, is the basis on which Governments are able to maintain both their levels of ODA and their support to the organization targeted corporate fund-raising in select countries.

105. UNFPA's resources in 1995, which was the year after the International Conference on Population and Development in Cairo, were US$ 305 million, but then core resources started to decline slowly. In 1999 UNFPA received approximately $250 million as core income and estimates that core resources for 2000 will be US$ 275 million. In its fundraising activities UNFPA is also engaging nationally and internationally recognized personalities as UNFPA goodwill ambassadors and "face to face" campaign spokespersons for their respective countries to focus public attention on population issues. Support from civil society will be an important element in the effort to maintain and expand UNFPA's resource base. UNFPA also started to work with a national committee in order to enhance the profile of the organization and to assist with private-sector fundraising.

106. For WFP, the resources received are a measure of the value of the services provided to its donors and, more importantly, to its beneficiaries. WFP will continue its mission to avert hunger and starvation and to ensure that it has a funding base which enables it to meet the needs of the most destitute and food insecure groups, in line with integrated development objectives. Over its 37-year history, in most cases, WFP has been fortunate to have adequate resources to perform this mission.

Recommendations

107. The Council may wish to affirm that resource mobilization is the collective responsibility of the Executive Boards and that, in order for the efforts of the Executive Heads of the United Nations funds and programmes to be successful, collective efforts and demonstration of necessary political will of all donor Governments are essential.

108. The Council may wish to call on the Executive Boards to ensure that the approved programmes and other tasks assigned to the funds and programmes are fully funded and that to this end appropriate steps be taken with a view to increasing current inadequate levels of funding.

109. The Council may wish to further call on Governments to ensure that funding decisions are fully consistent with the aim of achieving a coordinated approach to providing support to development at the country level as called for in relevant provisions of successive resolutions of the General Assembly (44/211, 47/199, 50/120 and 53/192), and by fully utilizing existing funding and programming mechanisms within the United Nations funds and programmes.

110. The Council may wish to note and endorse the decisions adopted by the Executive Boards of the United Nations Development Programme and the United Nations Population Fund and United Nations Children's Fund as part of ongoing efforts by Member States to reverse the declining trend in core resources and to put funding for United Nations development activities on a predictable, continuous and assured basis, commensurate with the needs of the developing countries and the complex and interrelated nature of the problems to be addressed, and in this context urges the executive boards the expeditious and productive outcome of these and other relevant decisions.

111. The Council may wish to express concern about the continued decline in core funding to UNDP and the other funds and programmes and, particularly in the present context of economic growth, strongly urge all Member States to support the implementation of MYFFs, *inter alia*, through increased core contributions in order to meet the regular (core) resources targets set in the MYFF, as well as specifically urge all countries to increase their core contributions to help to reduce the overdependence on a limited number of donors, thus promoting the sustainability of the United Nations funds and programmes.

112. The Council may wish to bear in mind that since funding commitments to the United Nations funds and programmes remain voluntary, Governments should be further encouraged to ensure that funding arrangements become predictable and rely on shared responsibility and inter-donor group pressure to ensure fair burden-sharing.

113. The Council may wish to make recommendations to the General Assembly on the future of the United Nations pledging conference, taking into account the experience gained at the funding meeting at the Executive Boards of the United Nations funds and programmes in accordance with General Assembly resolution 50/227.

Table 3
Contributions to United Nations funds and programmes, 1990-1999
(Millions of United States dollars)

		UNDP								
		UNDP	*adm. fund*	*Subtotal*	*%*	*UNFPA*	*%*	*UNICEF*	*%*	*WFP*
1990	Core	1 034.4	43.2	1 086.6	82	n/a	..	531.0	..	n/a
	Other	149.5	85.3	234.8	18	n/a	..	290.0	..	n/a
	Total	**1 192.9**	**128.5**	**1 321.4**	**100**	**227.8**	**100**	**821.0**	**100**	**1 029.1**
1991	Core	1 022.0	63.5	1 085.5	81	219.3	98	506.0	63	n/a
	Other	220.0	39.8	259.8	19	4.7	2	301.0	37	n/a
	Total	**1 242.0**	**103.3**	**1 345.3**	**100**	**233.0**	**100**	**807.0**	**100**	**1 401.1**
1992	Core	1 073.8	55.9	1 129.7	76	233.2	98	548.0	58	n/a
	Other	408.0	30.3	438.3	24	5.0	2	390.0	42	n/a
	Total	**1 481.8**	**86.2**	**1 568.0**	**100**	**238.2**	**100**	**938.0**	**100**	**1 734.9**
1993	Core	907.9	47.5	955.4	66	217.0	99	509.0	59	n/a
	Other	475.5	25.1	500.6	34	2.7	1	357.0	41	n/a
	Total	**1 383.4**	**72.6**	**1456.0**	**100**	**219.7**	**100**	**866.0**	**100**	**1 435.1**
1994	Core	916.7	45.7	962.4	53	254.5	96	535.0	53	n/a
	Other	832.9	15.4	848.3	47	10.7	4	471.0	47	n/a
	Total	**1 749.6**	**61.1**	**1 810.7**	**100**	**265.2**	**100**	**1 006.0**	**100**	**1 515.0**
1995	Core	926.8	52.8	979.6	52	305.0	91	537.0	54	n/a
	Other	870.5	28.7	899.2	48	32.1	9	474.0	47	n/a
	Total	**1 797.3**	**81.5**	**1 878.8**	**100**	**337.1**	**100**	**1 011.0**	**100**	**1 282.4**
1996	Core	844.0	51.9	859.9	40	308.7	97	551.0	58	n/a
	Other	1 297.8	24.6	1 322.4	60	8.3	3	393.0	42	n/a
	Total	**2 141.8**	**76.5**	**2 218.3**	**100**	**317.0**	**100**	**944.0**	**100**	**1 336.1**
1997	Core	764.2	50.9	815.1	37	285.0	92	547.0	59	n/a
	Other	1 366.6	20.0	1 386.6	63	25.0	8	355.0	41	n/a
	Total	**2 130.8**	**70.9**	**2 201.7**	**100**	**310.0**	**100**	**902.0**	**100**	**1 319.0**
1998	Core	756.9	53.9	810.8	38	268.9	88	571.0	60	n/a
	Other	1 347.6	10.5	1 358.1	62	36.5	12	395.4	40	n/a
	Total	**2 104.5**	**64.4**	**2 168.9**	**100**	**305.4**	**100**	**966.0**	**100**	**1 047.3**
1999*	Core	684.3	48.5	732.8	33.6	250.0	87.7	589.0	52.0	n/a
	Other	1 435.3	12.9	1 448.2	66.4	35.0	12.3	529.0	48.0	n/a
	Total	**2 119.6**	**61.4**	**2 181.0**	**100**	**285.0**	**100**	**1 118.0**	**100**	**1 560.0**

* Provisional.

III. Simplification and harmonization of programming, operational and administrative procedures

Background

114. In paragraph 62 of its resolution 53/192, the General Assembly recommended that simplification and harmonization of procedures adopted by the United Nations system in its operational activities for development be considered as one of the focus areas for the substantive session of 2000 of the Economic and Social Council. It also requested that the progress report of the Secretary-General include appropriate recommendations.[18] Moreover, in paragraph12 of its resolution 1999/6, the Council requested the funds, programmes and agencies of the United Nations system to examine ways to further simplify their programming procedures and instruments and accord this issue high priority. In the same resolution, the Council requested these organizations to take concrete steps to reduce, simplify and harmonize their programming, operational and administrative procedures and the reporting requirements placed on recipient countries, particularly as regards programme development, approval and implementation, while ensuring appropriate accountability. The Council also reiterated the request to report on progress made on this issue to its 2000 session.

115. Previous reviews have documented that the heterogeneity and complexity of the rules and procedures of United Nations system organizations place a heavy burden on many countries, weakening the effectiveness of the United Nations system's development support at the country level.[19]

A. The call for simplification and harmonization of rules and procedures in the resolutions of the General Assembly

116. The simplification and harmonization of rules and procedures is a long-standing matter.[20] Both the General Assembly and the Economic and Social Council have often addressed the need for harmonized, flexible and simplified procedures,[21]

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[18] General Assembly resolution 53/192, para. 61.

[19] See General Assembly resolution 44/211, seventeenth preambular paragraph, and resolution 42/196, fifteenth preambular paragraph.

[20] Since 1977, the General Assembly requested measures to achieve maximum uniformity of administrative, financial, budgetary, personnel and planning procedures, including the establishment of a common procurement system, harmonized budget and programme cycles, a unified personnel system and a common recruitment and training system. See para. 32 of the annex to General Assembly resolution 32/197, reiterated in resolution 34/213, para. 6 (e). See also A/35/224, para. 98. In para. 8 of its resolution 35/81, the General Assembly invited the organs, organizations and bodies of the United Nations system to develop, in light of its resolution 32/197, specific recommendations on measures to achieve those objectives. In resolution 37/226, para. 21, it requested ACC to report in 1984 on specific action taken to ensure the harmonization of procedures. In its resolution 41/171, para. 23, it urged the continuation of efforts to harmonize, to the extent possible, the operational procedures or the organizations of the United Nations system engaged in operational activities for development in areas such as project presentation, monitoring, evaluation and procurement.

[21] See General Assembly resolution 42/196, sixteenth preambular para. and operative para. 19, Assembly resolution 44/211, seventeenth preambular para. and operative para. 14, Assembly resolution 47/199, para. 33, Assembly resolution 50/120, para. 45, Assembly resolution 53/192, para. 31 and Economic and Social Council resolution 1999/6, para. 12.

in particular as they concern programming processes and projects cycles, decentralization of authority, role of country office structures and reorientation of executing modalities.[22] At the triennial comprehensive policy reviews undertaken in 1989, 1992, 1995 and 1998, the General Assembly reiterated its call for action by the United Nations system.[23]

117. Although the General Assembly and the Council have recognized the need for reforms in this area over a period of more than twenty years, insufficient progress has been achieved. The Secretary-General confirmed this concern in his reform programme.[24] The following factors hinder the satisfactory development of common or harmonized rules and procedures within the United Nations development system:

(a) The structure of the United Nations system and the lack of consistent governmental action create autonomous procedures.

(b) It is difficult to modify rules and procedures, since they are the "nervous system" of each organization, and there is no compelling and overarching political impetus within each organization to introduce major changes that are consistent with other parts of the system.

(c) Diversity of programming procedures is a consequence of diversity of mandates and institutional autonomy that the governing bodies for each organization establish and the need to translate them into individual identifiable and separate country programmes and other operational decisions.

(d) The different history of each organization is often translated in a variety of information and analysis requirements to undertake programming and different modalities in project execution (both in national execution and tripartite system).

118. The General Assembly has clearly decided that changes in the operational modalities are required in order to increase impact and sustainability of development support provided by the United Nations system.[25] Procedures should respond, as much as possible, to objectives, policies, conditions, procedures and practices adopted by, or prevailing in, recipient countries,[26] in order to contain the administrative burden on developing countries of handling external assistance. These reforms should also strengthen national capacities to design, implement and coordinate development cooperation.

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[22] See, *inter alia*, General Assembly resolution 42/211, para. 14.

[23] For the 1989 triennial comprehensive policy reviews, see General Assembly resolution 44/211, seventeenth preambular para., and operative para. 14; for the 1992 review, see Assembly resolution 47/199, para. 33; for the 1995 review, see Assembly resolution 50/120, para. 45; and for the 1998 review, see Assembly resolution 53/192, para. 31.

[24] The Secretary-General highlighted that there has been a tendency for each sectoral organization of the system to broaden its activities to areas that overlap with others, as effective development requires a more holistic approach (see A/51/950, para. 149). This overlapping, together with the fragmentation of existing structures, makes it difficult for the United Nations system to respond to the needs of the countries in a consistent, coherent and cost-effective manner. Therefore, operational activities for development require a comprehensive approach to programming, national execution and implementation, decentralization and delegation of authority, with the consequence of making procedures too complex, threatening development effectiveness.

[25] This request was already present in General Assembly resolution 46/219, para. 18 (b).

[26] See General Assembly resolution 42/196, sixteenth preambular para. and operative paras. 12 (b) and 12 (d).

119. In the 1989 and 1992 reviews, the General Assembly recognized special responsibilities to the inter-agency coordination mechanisms, in particular the Joint Consultative Group on Policies (JCGP), in giving the highest priority to simplifying, harmonizing and increasing transparency of the procedures.[27] The Consultative Committee on Programme and Operational Questions (CCPOQ), within the Administrative Committee for Coordination (ACC), and more recently, in the context of the Secretary-General's reform programme, the United Nations Development Group have continued to play this role.

120. In 1987, the General Assembly called for exploring urgent measures aimed at ensuring further flexibility, simplification and harmonization of programming procedures.[28] The 1992 review went even further, requesting that the inter-agency coordination mechanisms, in particular JCGP, reach an agreement on a common United Nations system-wide manual for such procedures by 1 July 1994.[29] Such a manual should include common formats, rules and procedures, as requested by the Assembly, meeting the requirements of the programme approach. All formats, rules and procedures and periodicity of reports should be simplified and harmonized to promote national capacity building, so as to assist the Government to integrate external assistance from different sources into its development process.[30]

121. As reported by the Secretary-General to the Council in 1994,[31] the 1992 request for a common system-wide manual of procedures was reviewed by the system and it was concluded that the preparation of standardized and uniform procedures concerned with strategy formulation, programming and programme implementation was too time-consuming and expensive. It required an enormous effort to retool the organizational systems and huge training of personnel. Moreover, such an effort would be less useful if other development organizations did not participate in the effort itself. A common manual could be undertaken most positively by building up, block by block, a number of selected areas where agreement could be reached, defining common guidelines or guidance principles applicable to the entire United Nations system.[32] The CCPOQ handbook (see E/2000/46/Add.1, annex, sect. X) is one step in that direction.

122. At the 1995 review, the General Assembly agreed in part to this step-by-step approach and called for:

(a) Greater consistency in the presentation of budgets at headquarters level;[33]

(b) Progress in sharing administrative systems and services at the country level;[34]

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[27] General Assembly resolution 47/199, para. 33 and resolution 52/120, para. 47.

[28] General Assembly resolution 42/196, para. 19.

[29] General Assembly resolution 47/199, para. 33.

[30] Ibid., para. 29.

[31] See E/1994/64, para. 91; for a more detailed description of the position of individual organizations of the United Nations system as regards the feasibility of a "common manual", see E/1994/64/Add.1, paras. 91-100.

[32] Ibid., para. 92.

[33] General Assembly resolution 50/120, para. 45.

[34] Ibid.

(c) A more collaborative approach in preparing reports at all levels;[35]

(d) The Secretary-General to promote the creation or further development of common guidelines on procedures, especially as they relate to aspects such as programme components and project formulation, appraisal, implementation, monitoring, evaluation and administration.[36]

123. While some progress has taken place, changes have been small and have occurred slowly. This was one reason for the 1998 review by the General Assembly to urge the funds and programmes to put in place specific measures and timetables to advance the simplification, harmonization and rationalization of procedures, reporting on these to their respective governing bodies.[37] The General Assembly also reiterated the call for greater consistency in the presentation of budgets at the headquarters level, and, at the field level, the sharing of administrative system and services.[38] The 2001 review will provide a further opportunity to assess the efforts that the United Nations system as a whole is conducting and the initiatives that its individual organizations are undertaking in the direction of these reforms.

Recommendation 1

124. In the pursuance of the full implementation of the concrete steps called for in para. 12 of its resolution 1999/6, the Council may wish to note the initial steps taken by UNDG and urge that continued high priority be accorded to reduce, simplify and harmonize the programming, operational and administrative procedures of the United Nations system and, thus, reduce the burden placed on recipient countries, while ensuring appropriate accountability.

Recommendation 2

125. The Council may wish to orient the preparation of the triennial comprehensive policy review of operational activities for development of the United Nations system in this area, following a realistic and careful assessment of progress achieved and requesting specific recommendations in programming, operational and administrative procedures of the United Nations system, including by identifying concrete steps for further progress to increase the efficiency of operational activities, enhance collaboration within the system and with other international and bilateral donor institutions, and to facilitate the implementation of national execution.

B. The issues at stake: transaction cost of operational activities for development, quality of performance and accountability

126. The effectiveness of operational activities for development depends on a range of factors, such as type of goals and priorities pursued, economic and social dynamics with which they interact, the national and international environment in which they are implemented and government policies to which they respond. Their effectiveness also depends on "how" those activities are designed, implemented and administered. Procedures affect the capacity of a recipient country to follow the

[35] Ibid., para. 46.
[36] Ibid., para. 47.
[37] General Assembly resolution, 53/192, paras. 31 and 32.
[38] Ibid., para. 33.

steps of the development cooperation programming cycle and may determine the extent to which support from the United Nations system merges into the internal process of national development, integrating human, financial and organizational inputs into an endogenous process.[39]

127. In addressing the simplification, harmonization and rationalization of rules and procedures for operational activities for development, the focus has traditionally been on two distinct areas: programming procedures and administrative processes. Each organization has evolved separate and distinct rules to translate efficiently its own mandates into operational programmes at the country level within a framework of accountability established by its governing body. Policies and procedures are used to identify objectives, formulate action plans, mobilize and commit resources, promote implementation, achieve results and monitor them. These procedures generate a remarkable workload and include basic requirements, such as documentation requests for programming purposes, periodic implementation reports, including financial reports, periodic requests for information, participation in reviews and missions, organization of monitoring and evaluation activities, establishment and management of audit systems and other administrative and substantive requirements. All these procedures absorb considerable amounts of resources.

128. Programming, operational and administrative procedures are linked to two basic objectives:

(a) High quality in aid delivery through a system of controls;

(b) Accountability for the efficient and effective use of the resources of each organization to its own governing body in accordance to its mandates and policies.

129. In assessing whether simplification and harmonization of rules and procedures is making any progress, the following questions are relevant:

(a) Are rules and procedures adopted by system organizations for country-level development activities too heavy, expensive, heterogeneous and complex in relation to the capacity of the recipient countries, placing a heavy burden by generating a variety of obligations through continuing requests for reports, missions and similar requirements? Do they prevent the Government of those countries from assuming greater responsibility in development management?[40]

(b) To what extent do the rules and procedures of the United Nations system complicate cooperation in joint activities at the country level?

(c) Are national procedures for an appropriate use of external resources, including those provided by the United Nations system, taken into account by system organizations?[41]

(d) What is really needed for effective decision-making and accountability in administering operational activities?

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[39] See the extensive analysis contained in document A/44/324, paras. 263-294.

[40] United Nations system country offices sometimes assume some of the functions of the Government in order to facilitate its tasks. This may affect the integration of system-supported programmes with the remaining initiatives of the Government.

[41] A fundamental issue is whether there is a great value added in the procedures applied by the United Nations system organizations as compared with those adopted by the Government of recipient countries.

(e) How frequently are procedures reviewed by system organizations in the light of changing country requirements? Are country representatives and Governments in recipient countries consulted before these changes are applied?

(f) Are these changes field-tested as for their cost and efficiency before they become finalized?

(g) Since the introduction of new mechanisms is always accompanied by additional procedures, is there any commensurate effort to reduce existing rules when new instruments are launched?

130. Action in this area can be grouped into two distinct but related needs:

(a) *Need for simplification*: procedural simplification should be assessed across the system. Effectiveness requires that the United Nations system adopt simple procedures in its development activities, streamlining the ways in which its cooperation is packaged and delivered. Each organization should pursue simplification of its own rules and procedures as a stated goal, to achieve greater cost-effectiveness by adapting them to rules and modalities applied by recipient countries.

(b) *Need for harmonization and coordination*: better coordination and joint activities require harmonized procedures.[42] Coordination is embedded in initiatives such as consultation mechanisms, country-based assessments, overall strategic frameworks, harmonization of individual country programmes, adoption of the programme approach and design of system-wide monitoring and evaluation mechanisms.

131. As all organizations pursue some type of strategic planning exercise, monitoring and evaluation activities, there is an opportunity for greater inter-agency collaboration and further integration through harmonization of procedures and modalities.

132. The efforts, energies, and resources absorbed by programming and coordination activities represent the *transaction cost* that both recipient countries and system organizations must bear in order to undertake development cooperation. Even though transaction costs are not easily quantifiable,[43] they represent a valuable notion in the analysis of the effectiveness of United Nations system's development support.

133. Transaction costs have a financial dimension, since they entail work and time. The relative importance of transaction costs as compared with the total volume of resources for operational activities is a major concern for many governments and organizations.[44] However, transaction costs do not have only a financial dimension,

[42] The concept of coordination is much larger than harmonization of procedures. It assumes that the sum of individual actions of system organizations can allow the system to reach higher levels of development through increased coherence and synergy among its various components.

[43] One major difficulty in measuring the level of transaction costs as compared with the total cost of operational activities for development is the arbitrary distinction between activities that belong to the programming effort as compared with those that directly contribute to development promotion.

[44] Has the level of these transaction costs increased as compared with the volume of development initiatives that the United Nations system handles? In a period of stagnant resources for development cooperation, can the system afford it? These questions do not find easy answers but are still relevant.

since they also reflect activities such as policy advice and advocacy activities, which have a value as a contribution to development.

Recommendation 3

134. In order to advance in the simplification and harmonization of rules and procedures, in accordance with the provisions of General Assembly resolutions 47/199, 50/120 and 53/192 as well as Economic and Social Council resolution 1999/6, the Council may wish to call for the urgent consideration by the executive boards and other governing bodies of system organizations of steps to simplify and harmonize rules and procedures, and to ensure that high priority be accorded to this task. The Council may also wish to recommend to the governing bodies that they call on their respective organizations to spell out specific measures and time-frames for action. Where appropriate, changes in procedures should be pursued in consultation with the Government of the recipient countries and the resident coordinator system, including as concerns decentralization and delegation of authority. The Council may also wish to request the Secretary-General to report on action taken by governing bodies on the initiatives promoted by the United Nations system in this area and progress achieved, in the context of the 2001 review.

C. The rationale for simplified and harmonized procedures: flexibility, national capacity, programme approach and decentralization

135. It has sometimes been suggested that diversity of rules and procedures is a consequence of the *flexibility* of the system and its ability to respond to the diverse demands for support requiring a variety of modalities and mandates. Recipient countries consider flexibility of the response of the United Nations system one of its attributes which should be preserved. The fragmentation of procedures is not necessarily the direct consequence of the requirements of flexibility of the system. Unfortunately, the current state of rules and procedures in the system is characterized by a rigid system of structurally complex, fragmented and non-coordinated procedures, which has little to do with the needs of flexibility.

136. The question is, therefore, to what extent should simplification and harmonization of procedures be pursued aggressively?

137. There is a trade-off between costs and benefits of uniformity and differentiation of rules, making harmonization among organizations an expensive process. However, the same argument does not apply to simplification by each organization, which is usually a resource-saving process.

138. Simplification and harmonization of procedures should be done step by step based on field experience as a way to enhance the effectiveness of development cooperation and improve services to recipient countries, increasing *national capacity* and its use to manage development processes.[45] Simpler procedures should be sought with the aim of being compatible with the effective use of national management.

[45] See the UNFPA study on absorptive capacity contained in document E/1999/55/Add.1, para. 40.

139. In the last ten years, an important concept that the United Nations system introduced in the modalities of its development operations is its focus on *national responsibility* in managing its programmes and projects, which has accompanied the diffusion of national execution. The General Assembly established the principle of national execution as a basic modality for programmes and projects supported by the United Nations system.[46] It also decided that rules and procedures for national execution should be adapted "to promote and maximize the utilization and strengthening of national capacities".[47] In that context, it stressed that "procedures pertaining to programme and project formulation, design, appraisal, implementation, procurement, reporting, monitoring and evaluation should be simplified and harmonized, taking into account costs involved for recipient Governments and the United Nations system".[48]

140. However, the interpretation and implementation of procedures of national execution still vary considerably among the various organizations, in spite of agreed common principles within CCPOQ.[49] Personnel from Governments and other national entities are requested to apply a variety of procedures, which vary with each system organization.

141. Efforts of simplification and harmonization are linked to greater *decentralization* and *delegation of authority* in the United Nations system.[50] Although progress has been made in this area, particularly by the funds and programmes, allowing for better development effectiveness, it has not been uniform. The persistent difference in the degrees with which system organizations are decentralized and have delegated authority remains an obstacle to full cooperation at the country level.

142. The programme approach[51] is conceived as a management framework for greater national involvement and its effective implementation requires progress in the simplification and harmonization of procedures, as they regard functions such as programme formulation, appraisal, implementation, monitoring and evaluation. It pursues the integration of external development support in national efforts and allows better interfacing with the Government in a coherent manner, making use of a variety of executing modalities and tools for programming, with extensive degree of flexibility.

143. Simplification and harmonization of procedures must always reflect the requirements for *accountability* and qualitative improvement of *development performance*.[52] The enhancement of national programme *auditing capacity* and the accounting systems of recipient Governments in nationally executed initiatives should be considered as part of simplification and harmonization of procedures.

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[46] General Assembly resolution 47/199, para. 15.

[47] General Assembly resolution 44/211, para. 18 (a).

[48] Ibid., para. 18 (b).

[49] See CCPOQ, national execution and implementation arrangements (1998).

[50] It is possible to assume an inverse relationship between the degree of control exerted by headquarters through centralized procedures and the development of national capacities in the management of development cooperation.

[51] See CCPOQ, guidelines on the programme approach (1998).

[52] On the occasion of the 1992 review, the General Assembly requested JCGP to put in place as soon as possible, and not later than 1 January 1995, measures to enhance accountability at the field level, including effective harmonized programme monitoring, evaluation and management audit systems (General Assembly resolution 47/199, para. 34).

However, separate financial management arrangements by United Nations system organizations continue to separate rules for auditing and reporting.

144. An underlying assumption of the General Assembly and Economic and Social Council directives in this area is the *adaptation of rules and procedures to country conditions*. "It is not so much a question of changing specific rules and achieving harmonization where it was not cost-effective, but making a firm commitment to the objective of decentralization and greater adaptation to the needs of developing countries without losing essential standards of accountability."[53] The General Assembly and the Council have confirmed these principles on several occasions.[54] An effective response to country-specific circumstances requires that the United Nations system follow a country-driven approach addressing, in a balanced compromise, quality of performance, country-level flexibility and assured accountability.

145. In approaching the task of simplifying and harmonizing rules and procedures, it should be borne in mind that innovations in this area mostly originate at the country level, but that systematic progress cannot be achieved merely through country-level actions, unless headquarters support them for wider application. Country-level solutions tend to be informal, ad hoc, incomplete, and limited to specific activities. They cannot be easily replicated, unless headquarters systematically support them.[55] Country representatives may not have the authority to revise and adapt procedures with the expected flexibility, since these rules are formulated at headquarters in line with legislation adopted by governing bodies.[56] Major reforms on procedures require action at the headquarters level first.

146. Exclusive focus on the United Nations system is not sufficient to alleviate the burden caused by procedural requirements of external assistance on developing countries. Other external development partners (bilateral donors and other international organizations) which apply a variety of procedures and practices should also be part of this effort. Various coordination efforts in the context of the Development Assistance Committee (DAC) of the Organization for Economic

[53] See E/1991/93, annex, para. 82. That report brought to the attention of the General Assembly and the Economic and Social Council the conclusions of an extensive study undertaken by the Office of the Director-General that called for greater flexibility in adapting the rules to the needs of developing countries.

[54] See, for example, General Assembly resolution 44/211, seventeenth preambular para., which stresses the need for procedures on the United Nations system to minimize the administrative and financial burden on recipient Governments, and General Assembly resolution 46/219, para. 10, which calls for simplification of rules and procedures for national execution within the framework of enhanced accountability. The Council has reiterated this request to the United Nations system to undertake concrete steps to simplify and harmonize procedures, while ensuring appropriate accountability, in para. 12 of its resolution 1999/6.

[55] A few country teams (e.g., Armenia, Azerbaijan) confirmed these views in the 1999 annual report of the resident coordinator system. The formal harmonization of procedures may be "a long-term goal involving consistent and consecutive steps both at the Headquarters and at the Country Office level" (from the report from Armenia). For an example of ad hoc solutions, see the attempt to harmonize procedures, formats and programming processes introduced by the resident coordinator in Bulgaria through an inter-agency multidisciplinary team (Social Development Unit).

[56] See E/1996/64, para. 23.

Cooperation and Development (OECD) are taking place.[57] Some bilateral donors have introduced concrete reforms to reduce the burden of their procedures on the recipient Governments, adopting the administrative procedures of the recipient country. Harmonization of reporting requirements of different United Nations system entities should be associated with parallel activities of other multilateral agencies, bilateral donors and international non-governmental organizations.

147. Steps could be taken to link the efforts of the United Nations system to simplify and harmonize rules and procedures and national rules and procedures with other partners. Special attention should be given to the increasing presence, among national entities, not only of government institutions but also non-State institutions, national NGOs and private institutions.

Recommendation 4

148. The Council may wish to request the Secretary-General to explore practical cooperation with other international and bilateral donor institutions and recipient countries on joint initiatives to achieve simplification and harmonization of procedures in programming and implementing development cooperation.

D. Results, progress and potentials[58]

149. Progress by the system to simplify and harmonize programming and administrative procedures is still inadequate. In particular, progress remains difficult to discern at the country level. As a result of Economic and Social Council resolution 1999/6, new steps are being taken by UNDG as discussed below.

150. In the area of harmonization, inter-agency efforts have been made, mostly agreeing on common guidelines or defining a common understanding on a modality as guidance principles. Inter-agency mechanisms such as ACC (mainly through CCPOQ), JCGP in the past, and more recently UNDG, have been active vehicles of these initiatives[59] (see table 1 for some examples in selected areas).

[57] In the past, DAC tried to reach common guidelines for project appraisal, and more initiatives are recently identified at the country level, which could strengthen the dialogue between the United Nations system and DAC in specific areas. A few DAC members have recently attempted procedural reforms as regards harmonized reporting requirements in the United Republic of Tanzania. An example of coordination between DAC and United Nations system is that of Mali, where DAC has introduced an aid reform proposal aimed at simplifying and harmonizing administrative procedures and coordination of all cooperation partners. The resident coordinator system supports that effort, in the framework of the mixed commission for aid reform established in Mali.

[58] For a synthesis of the progress achieved and improvements that could be introduced in selected areas, see annex.

[59] See CCPOQ, operational activities reference manual, issued in August 1996, and now also available on-line at http://accsubs.unsystem.organizations/ccpoq/Default.htm.

Table 4
Selected list of guidelines adopted by CCPOQ

Selected guidelines
• Common position on common premises and services (1990)
• Guidelines on enhancing programming processes (1991)
• Decentralization of capacities and authority: objectives and guiding principles (1992)
• Guidelines for the review of policies and procedures (1993)
• Guidelines for procurement from developing and underutilized major donor countries (1993)
• Guidelines for the review of policies and procedures on Technical Cooperation among Developing Countries (TCDC)
• Guidance elements for the preparation, design and implementation of the country strategy note (CSN) (1994)
• Operational guidance note for the application of the guiding principles for a monitoring and evaluation methodology in the context of the programme approach (1996)
• Guidelines on the programme approach (1998)
• National execution and implementation arrangements (1998)
• Common country assessment (CCA) guidelines (1998)
• United Nations Development Framework (UNDAF) guidelines (1999)
• Administrative management of the resident coordinator system (1999)
• Guidance note for the resident coordinator system on field level follow-up to global conferences (1998)
• Guidelines on the functioning of the resident coordinator system (1999)
• Generic guidelines for a strategic framework approach for response to and recovery from crisis (1999)

151. In the case of common understandings agreed at the inter-agency level (e.g. on topics such as national execution and the programme approach),[60] problems arise in their implementation, since modalities often vary from agency to agency. Experience shows that members of United Nations country teams are sometimes unaware of the common definitions that have been adopted at the inter-agency level at headquarters.[61]

152. Better results were obtained in the implementation of system-wide guidelines, especially when CCPOQ and UNDG jointly supported them. Although these guidelines are the basis for a more cohesive and consistent approach at the country level, they seldom define operational norms, but establish principles and provide

[60] General Assembly resolution 47/199, paras. 13 and 22.

[61] After 10 years, the Assembly reiterated that the ultimate goal of national execution is the advancement of national ownership and the enhancement of absorptive capacity in developing countries and confirmed the request for simplifying and harmonizing the corresponding procedures, given the complexity of procedural requirements for national execution (see General Assembly resolution 53/192, para. 51). The simplification and harmonization of rules and procedures should focus on the fundamental role of Government's responsibility for the management and implementation of programmes and projects.

guidance to system organizations or country teams.[62] The actual translation of these system-wide guidelines and agreed concepts in alleviation of procedural burden is proving slow.

153. The adoption of a harmonized programme cycle for the United Nations funds and programmes is considered a way to reduce the workload on national authorities by concentrating programming work in the same year. UNDG has recently stressed the relation between harmonization of programme cycles and CCA and UNDAF as instruments to harmonize programming at the country level.[63] The formulation of individual country programmes can benefit the CCA/UNDAF processes, if these country programmes cover the same time period and have developed immediately after the CCA and UNDAF exercise. The CCA and UNDAF will thus be followed by a programming exercise that will respond to the key common issues that have been raised in the CCA and in conformity to the common objectives defined in the UNDAF.[64] In addition, it is expected that this synchronization could be the first step before introducing other forms of harmonization of procedures at a more operational level, during the implementation of the country programmes.[65] Another advantage of the cycle harmonization is that the mandatory mid-term evaluation of country programmes can be conducted in a coordinated manner.[66]

154. In spite of some progress achieved in the last months in the harmonization of programme cycles,[67] a consistent monitoring of this achievement is required to ensure that these results do not vanish in future cycles.

155. The diffusion of the CCA and UNDAF processes is expected to produce some visible benefits in the simplification and harmonization of the programming procedures at the level of individual organizations, but the actual synchronization of the two processes with the preparation of individual country programmes requires some vigilance. The 2001 review will provide an opportunity to review these benefits, especially through the forthcoming impact evaluation of the UNDAF in the field of operational activities, which is expected to be an integral part of that review.[68] The ultimate impact of all these new instruments on the capacities of recipient countries should be the bottom line of that analysis, with the intent of assessing their role in expanding development prospects for recipient countries.

156. Budgetary, accounting, auditing and general financial practices represent an area where further steps might be explored to achieve cost reduction and higher productivity. In 1995, the General Assembly requested the United Nations funds and programmes to adopt the same format for budget presentation at the headquarters level.[69] That objective was achieved when the executive boards of the United Nations funds and programmes of UNDP/UNFPA and UNICEF decided to agree on

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[62] See the wide selection of system-wide guidelines in the CCPOQ operational activities reference manual issued in August 1996, and now also available on-line (see footnote 60).

[63] See section on harmonization of programme cycles and section on common country assessment and the United Nations Development Framework contained in document E/2000/46/Add.1.

[64] See, for example, the 1999 annual report of the resident coordinator system from Mongolia.

[65] See expectations expressed by the resident coordinator system in Cape Verde in its 1999 annual report.

[66] See 1999 annual reports of the resident coordinator system in Djibouti, Jordan and Namibia and the initiative for joint mid-term reviews launched by UNDG, as indicated below.

[67] See section on harmonization of programme cycles contained in document E/2000/46/Add.1.

[68] See General Assembly resolution 53/192, para. 63.

[69] See General Assembly resolution 50/120, para. 45.

the harmonization of their biennial support budgets in their first respective regular sessions of 1999. That result was in response to a proposal that executive heads presented to their respective governing bodies.[70]

157. Substantial differences persist in reporting requirements within the United Nations system, both in terms of format, size, periodicity and nature (financial and technical) and completeness. Simplification and standardization of these reporting requirements, both financial and substantive, represent an area where initiatives have not been systematic and results have been contradictory, especially as regards nationally executed initiatives.

158. There is some progress in the area of decentralization and delegation of authorities, although it is very uneven as between funds and programmes and specialized agencies, affecting decision-making at the country level.

159. There are several other areas where there is room for improvement in terms of simplifying rules and procedures. Some areas concern programming aspects of the operational activities, other areas concern administrative and organizational aspects.

160. In the programming area, an effort is in hand, since 1988,[71] to develop common formats for project design, project documents and favour a more consistent application of the programme approach.[72] Moreover, UNDG has identified common definitions for programming processes and products to enhance programme collaboration within the system,[73] facilitating the promotion of joint or harmonized development initiatives, especially in the context of the UNDAF and CCA.[74]

161. An administrative area that received considerable attention in the past was that of common procedures for procurement. Economies of scale and other benefits can be achieved through close coordination of procurement activities, through large discounts on a high volume of purchases, reduction of delivery times, improved access to procurement from developing countries and from under-utilized major donors. Coordinated procurement arrangements have been adopted among a few system organizations with concrete results. The adoption of common standards for procurement, such as common coding systems, common profile forms for potential suppliers of goods and services, common databases, are considered areas for considerable efficiency gains. Standardization of practices as regards authority for

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[70] See DP/1999/6, DP/FPA/1999/1 and E/ICEF/1999/AB/L.2.

[71] See progress report on this subject that a task force led by UNIDO submitted to the Office for Project Services in 1988.

[72] In 1991, ACC recommended the adoption of the UNDP guidelines for project formulation and project document format, appropriately adapted to various circumstances, as a starting point for harmonizing procedures on technical assistance projects funded by sources other than UNDP. Some organizations of the system have followed this recommendation, but institutional diversity of mandates and nature of the development work are still reflected in a variety of procedures.

[73] See UNDG, *Definitions of processes and products for enhancing UNDG programme collaboration*, launched on 2 March 1999 by the Executive Committee of UNDG.

[74] Ibid. This effort brought to a clear distinction among different levels of programming processes (agency programming, parallel programming, joint programming) and programme products (programmes/projects). A matrix with different programming options for each component of these processes or products was formulated. Specific country-level applications were made, identifying concrete components of these processes where system-wide collaboration is either pursued or actually achieved. These components are: problem assessment, objectives of the initiative, time-frame, programme design, definition of the activities, reporting requirements and monitoring and evaluation activities.

procurement at the country level, terms and conditions of purchases, functioning of contract committees, tendering and procurement rules, computerization norms and other basic equipment are other examples where concrete efforts and some progress have been made in the course of the last decade.

162. The development of computerization, the increasing decentralization of development cooperation management at the country level and the generalized diffusion of the modality of national execution make this an area where empowerment of recipient Governments could be further enhanced.

163. The diffusion of personal computers makes harmonization of standards and the establishment of efficient networks for faster communication a real challenge in programming and implementing operational activities of the United Nations system. Further progress in this area at the country level is still required. The establishment of local area networks and the frequent interaction between field offices and headquarters are changing the way communications within the United Nations system are conceived. Despite progress, the unmet demand remains large. The development of new networks, the access or sharing of databases and documentation through electronic channels, improved use of or access to electronic mail, are promising areas. Potentials for coordination are many but obstacles to the adoption of common networking services and standards, including the cost of changing these standards for harmonized formats or software, still affect the pace of reforms of this type.

164. An area for harmonization, with a long history in the United Nations, is that of personnel management practices. A great commonality in policies and procedures has been traditionally adopted, affecting the overall conditions of employment of staff in the individual organizations. The standardization of mobility and hardship allowance, which largely affect staff serving in the field, are examples of past achievements in this area. However, progress is still required in some specific areas. The promotion of greater inter-agency mobility is receiving increasing attention. The harmonization of practices in human resource management at the country level is another area where efforts have been recently intensified.

165. Recently, UNDG has been given special consideration to concrete initiatives in some of these specific areas, in response to the request from the General Assembly and the Council for specific measures in the area of simplification and harmonization.[75]

Joint mid-term reviews of UNDAF

166. UNDG approved country-level procedures for joint mid-term reviews of individual agencies country programmes, building on the introduction of UNDAF. They aim at assessing progress towards its goals, evaluating its contribution to the achievement of national priorities, in the context of international conferences and conventions, and providing the basis to update and revise UNDAF documents and

[75] Since these initiatives are being promoted while this report is being written, only preliminary information can be reported. See the consolidated list, which the funds and programmes will submit to the substantive session of 2000 of the Economic and Social Council for further details.

country programmes, if needed.[76] It is expected that these procedures will now be applied in a number of countries on a pilot basis.

Joint programmes/projects

167. UNDG is finalizing a guidance note for the preparation of joint programmes, with the intent of assisting both national authorities and United Nations system personnel in formulating joint initiatives, together with more detailed instructions of the contents of the joint-programme/project document. Joint programmes or projects are expected to become a more frequent form of collaboration among system organizations in countries with UNDAF. This initiative is a step forward in the definition of the procedure for the preparation of the joint programmes, addressing the arrangements for programme accountability and financial management, including alternative options for budget format, funding, accounting and reporting mechanisms. Consultations at headquarters and country level are under way.

National project personnel

168. UNDG is promoting an initiative to make some progress in the simplification and harmonization of procedures for recruitment and administration of national project personnel.[77] A fair and equitable treatment of employees of different agencies who work in the same country and perform similar functions is deemed relevant for the effectiveness of their work. The adoption of a common definition of national project personnel is the first step before entering other topics for which procedural standardization is desirable. These other topics include: (a) remuneration issues (salary scale, per diem allowances, insurance coverage); (b) contract modalities (including contract duration, renewal and performance assessment); and (c) recruitment procedures (including identification, clearance, selection, recruitment and induction training). The work in all these areas is in progress.

[76] It is expected that joint mid-term reviews will take place at the mid-point of the programme cycle linked to UNDAF. In the absence of an UNDAF, the reviews will assess the contribution of the United Nations system programmes to the achievement of national development priorities, particularly in the context of follow-up to international conferences and conventions. It is expected that individual organizations be able to convene supplementary mid-term reviews, linked to the timing of and complementary with the joint mid-term review, to address specific issues and accountabilities relating to their own programmes.

[77] The UNDG task group in charge of this issue has recently started its work by reviewing the report on harmonization of regulations and procedures among JCGP agencies for recruitment, administration and training of national project personnel, prepared in 1997, which contains a detailed illustration of the diversity of definitions applied by funds and programmes.

IV. United Nations funds and programmes: oversight role of the Council

A. General issues

169. This section draws the attention of the Council to current issues arising from the executive boards of the United Nations funds and programmes on which the Council may wish to provide further policy guidance. In taking action on the decisions of the boards of UNDP/UNFPA, UNICEF and WFP, as well as on the annual reports of their executive heads, the Council is fulfilling the mandate given to it by General Assembly resolution 50/227.[78]

170. In discharging its responsibility as spelled out by Assembly resolutions 50/227 and 48/162,[79] the Council may wish to bear in mind the division of responsibility between itself and the boards, particularly on issues in which both have been assigned a role such as on funding and programming issues. As reflected in its resolutions 1994/33, 1995/51, 1996/42 and 1998/27, the Council has dealt at various times with the reporting relationship to the boards and funds and programmes. Particularly, the Council expressed the view that it expects the boards to raise and bring to its attention issues that they consider requiring the attention of the Council. The Council has, thus, largely left the initiative to the boards and the funds and programmes, and they have responded with some useful suggestions. To support this task of the Council, the Secretariat of the United Nations has provided an overview of the work of the boards as foreseen in Economic and Social Council resolution 1998/27.

171. There are some areas, which are currently under active consideration by the boards, and which have broad implications. Thus, the movement towards multi-year funding may increase the predictability of funding. As reviewed in section II above, steps still need to be implemented to achieve the agreed levels of funding. Given the interrelatedness of issues and the converging mandates of funds and programmes, the Council may wish to consider the issue of their collective coherence. It may also wish to consider how to reverse stagnant or shrinking core funding, and identify measures to ensure coordinated and cost-effective programming at the country level. That, in turn, may require even greater and more focused conclusions of the reports of executive boards to identify areas of convergence, complementarity and contradictions and bring specific issues before the Council.

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[78] Annex I, para. 11, of General Assembly resolution 50/227 states that in order to fulfil its coordination role, and in accordance with the policies formulated by the General Assembly, the Economic and Social Council should consider, on an annual basis in the operational activities segment, the overall financial picture of the funds and programmes, including the availability of resources, the priorities and programmes agreed upon in the funds and programmes, the adopted targets and further guidance on priorities, and make recommendations thereon to the General Assembly and the funds and programmes.

[79] Para. 16 (c) of General Assembly resolution defines the function of the Council in this respect as to review and evaluate the reports on the work of the development funds and programmes, including the assessment of their overall impact with a view to enhancing the operation activities of the United Nations on a system-wide basis.

B. Annual reports of the heads of the United Nations funds and programmes to the Council

172. In its resolution 1998/27,[80] the Council called on the executive boards to ensure that the heads of these funds and programmes include in their annual reports to the Economic and Social Council a thorough analysis of problems encountered and lessons learned so as to allow the Council to fulfil its coordinating role, and when considering the annual reports to identify specific problems, opportunities and areas in which the Council could provide cross-sectoral coordination and overall guidance on a system-wide basis and to make appropriate proposals. Both the UNDP/UNFPA Executive Board and UNICEF Board requested that these reports be submitted to the present session of the Council, together with comments made by delegations and statements and answers given by the Administrator of UNDP and the Executive Directors of UNFPA and UNICEF.

173. Detailed information on the results of considerations of the annual reports of the executive heads of the United Nations funds and programmes can be found in the relevant reports of the executive boards (E/2000/___ and DP/2000/___).

C. Concise consolidated list of issues

174. In its resolution 50/227 referred to above, the General Assembly indicated that the guidance functions of the Council should be reinforced by giving attention to the objectives, priorities and strategies in the implementation of the policies formulated by the General Assembly, as well as concentrating on cross-cutting and coordination issues. In its resolution 1998/27, the Council invited the Secretary-General to arrange for submission to the Council by the executive heads of the United Nations funds and programmes, in consultation with the United Nations Development Group (UNDG), of a concise consolidated list of issues which are central to the improved coordination of operational activities and on which the funds and programmes seek consideration by and guidance from the Council. The requested consolidated list of issues is provided in Conference Room Paper; the issues relevant to resources and funding are contained in the relevant part of this report.

D. Joint and concurrent meetings of the executive boards

175. The Council, in its resolution 1999/6 (para. 29), recommended that the practice of holding joint meetings of the Bureau of the Economic and Social Council and the bureaux of the Executive Boards of the United Nations Development Programme

[80] In paragraph 1 of its resolution 1998/27, the Council requests the Executive Boards of the United Nations funds and programmes to ensure that the heads of these funds and programmes include in their annual reports to the Economic and Social Council, prepared in accordance with Council resolution 1994/33, a thorough analysis of problems encountered and lessons learned, with emphasis on issues arising from the implementation of the Secretary-General's reform programmes, the triennial policy review and the follow-up to conferences so as to allow the Council to fulfil its coordinating role, and in paragraph 2 requests the Executive Boards, when considering the annual reports of the executive heads of the United Nations funds and programmes to the Council, to identify specific problems, opportunities and areas in which the Council could provide cross-sectoral coordination and overall guidance on a system-wide basis and to make appropriate proposals in line with Council resolution 1995/51.

and the United Nations Population Fund, the United Nations Children's Fund and the World Food Programme be continued, and requested the respective bureaux to report on the meetings to their governing bodies.

176. In 2000, the joint meetings of the boards of UNDP/UNFPA and UNICEF with participation of WFP addressed the UNDAF process in India with a presentation of the country team panel composed of the Resident Coordinator and the representatives of UNDP, UNFPA, UNICEF and WFP. It was agreed that future joint meetings would be considered when agenda items were such that joint deliberations would bring added value to the organizations concerned. No decisions or conclusions were adopted as a result of joint meetings of the boards.

177. The UNDP/UNFPA joint segment of the first session of the Board in 2000 has considered the implementation of recommendations contained in the report of the Board of Auditors for the biennium 1996-1997.

178. Detailed information on the results of considerations at both joint meetings can be found in the relevant reports of the Executive Boards.

E. Resources[81]

179. In its decision 98/23, the UNDP/UNFPA Executive Board adopted an annual funding target for UNDP core resources of $1.1 billion, and stressed the urgent need to achieve annual increases until the target is met.

180. As to UNFPA's multi-year planning, management and funding framework, the Executive Board, in its decision 2000/9, noted as UNFPA's resource mobilization targets of regular and supplementary resources of $1,434 million from 2000-2003 requested the Executive Director to provide to the Board an updated estimate of regular and supplementary resources in the MYFF at the third regular session of 2000. The Executive Board also requested the Executive Director to continue to develop and refine MYFF as a strategic management tool, with the objective of increasing core resources, taking into account the experience gained as the framework was implemented, *inter alia*:

(a) Refinement of outputs and time-bound indicators;

(b) Refinement of the linkages between strategies, goals and outputs;

(c) Further explore the methodology for evaluating the relationship between results and available resources, recognizing that there is no direct, one-to-one statistical link between resources and results;

(d) Further development of UNFPA's resource mobilization strategy.

181. The UNFPA Executive Director was also requested to report to the Executive Board at its annual session 2001 and annually thereafter, on the development and refinement of MYFF.

182. The UNICEF Executive Board, in its decision 2000/3, endorsed the proposed timing of the presentations to the Executive Board of the various elements of the multi-year funding framework and the proposal that the next medium-term strategic plan be presented to the Executive Board in 2001 for a fixed period of four years

[81] Section II above provides comprehensive information on this subject.

(2002-2005). The Board also requested the Executive Director to submit modifications to the budget process to the Advisory Committee on Administrative and Budgetary Questions for its review and comments prior to final submission of a revised budget process to the annual session of the Executive Board in 2000, and to submit to the Board, through part II of the Executive Director's annual report, in accordance with decision 1999/7, updates, as and when necessary, of the programmatic content of the MTSP during the four-year duration.

F. Overview of decisions taken, main agenda items of the Executive Board since the 1998 regular session of the Council and agendas for annual sessions

183. Tables 5, 6, and 7 provide the Council with a concise overview of decisions and main agenda items of the Boards since its last session, as well as the items currently placed on the agendas of the annual sessions of the boards scheduled prior to the substantive session of the Council of 2000.

Table 5
Some of the principal decisions adopted by the executive boards of the United Nations funds and programmes since the substantive session of 1999 of the Council

	UNDP/UNFPA Executive Board						*UNICEF Executive Board*		*WFP Executive Board*	
	3rd of 1999		*1st of 2000*		*2nd of 2000*		*2nd of*	*1st of*	*3rd of*	*1st of*
Subjects of the principal decisions	*DP*[a]	*PA*[b]	*DP*[a]	*PA*[b]	*DP*[a]	*PA*[b]	*1999*	*2000*	*1999*	*2000*
Annual report to the Council					X	X		X		
MYFF	X					X		X		
Financial and budgetary matters	X	X	X				X	X	X	X
UNOPS	X									
Revisions to the financial regulations and rules			X	X			X		X	
Medium-term plan (incl. financial)							X			
Global conferences		X					X			X
Programme cooperation (allocation of resources)							X	X	X	
Successor programming arrangements	X									
Sector-wide approach						X	X	X		
Inter-country programmes							X			
Emergency assistance			X							
Evaluation and audit							X		X	X
Partnership with NGOs										X

[a] UNDP segment.
[b] UNFPA segment.

Table 6
Some of the principal items on the agendas of the executive boards of the United Nations funds and programmes since the 1999 substantive session of the Council

	UNDP/UNFPA Executive Board						*UNICEF Executive Board*		*WFP Executive Board*	
	3rd of 1999		*1st of 2000*		*2nd of 2000*		*2nd of*	*1st of*	*3rd of*	*1st of*
Main agenda items	*DP*[a]	*PA*[b]	*DP*[a]	*PA*[b]	*DP*[a]	*PA*[b]	*1999*	*2000*	*1999*	*2000*
Policy issues, including follow-up to United Nations global conferences, partnership with NGOs, sector-wide approach, organizational changes etc.						X	X			X
Business plans 2000-2003					X					
Multi-year funding framework (MYFF)						X		X		
Funding meeting					X	X		X		
Financial, budgetary and admin. matters	X	X		X			X		X	X
Annual report to the Council					X	X		X		
Joint meetings of the Executive Boards			X	X	X	X		X		
CCF, country programmes and related matters	X	X	X	X	X		X	X	X	X
Financial medium-term plan 1999-2003							X			
Evaluation reports									X	X
Audit					X	X	X			
UNOPS/UNDP relationship	X				X					

[a] UNDP segment.
[b] UNFPA segment.

Table 7

Main items of the provisional agendas for the 2000 annual sessions of the executive boards of the United Nations funds and programmes

UNDP/UNFPA Executive Board (13-23 June 2000)	*UNICEF Executive Board (22-26 May 2000)*	*WFP Executive Board (22-26 May 2000)*
UNDP segment	Report of the Executive Director (part II)	Annual reports
Annual report of the Administrator for 1999, including the results-oriented annual report (ROAR)	Emerging issues for children in the twenty-first century	(a) Annual report of the Executive Director for 1999
Country cooperation frameworks and related matters	Follow-up to the World Summit for Children	(b) 1999 annual report of the Executive Board to the Council and FAO Council
United Nations Office for Project Services	Summary of mid-term reviews and major evaluations of country programmes	Policy issues
Annual report of the Executive Director	UNICEF core corporate commitments in emergencies	(a) Emerging issues relevant to WFP
Responsibility of UNOPS for personnel matters (dec. 99/17)	Proposed modifications to the budget process	(b) Implementation of the enabling development policy: Interim Progress Report
UNDP special event:	Reports on field visits of the Executive Board members	(c) Monitoring and evaluation
Debate on the future of United Nations operational activities for development		(d) Report of the Working Group on Governance
UNDP/UNFPA joint segment		Resources and financial matters
Internal audit and oversight		Pledging target (2000-2002)
UNAIDS		Evaluation work plan, 2000-2001
UNFPA segment		Administrative and managerial matters
Report of the Executive Director for 1999		(a) Report on post-delivery losses
ICPD+5		(b) Composition of WFP international professional staff and higher category: personnel statistics report
Emergency assistance		
UNFPA programming process		
Evaluation		
Information and communication		

Recommendations

184. The Council may wish to assert its oversight responsibility in the area of operational activities for development as mandated by the General Assembly in its resolutions 48/162 and 50/227 with respect to the work of the executive boards of United Nations funds and programmes.

185. The Council may wish to provide policy guidance and assistance in implementing the policy decisions of the Assembly, particularly on matters raised by the report of the Executive Heads to the Council and the comments thereon by the respective executive boards.

186. The Council may wish to identify issues it wishes the boards of the funds and programmes to consider over the following year, due to their relevance to improved coordination and coherence of operational activities for development and to invite the Boards to transmit its recommendations for eventual action by the Council.

187. The Council may wish to take appropriate action on recommendations contained in the reports of the executive heads of the United Nations funds and programmes, as well as on relevant forms and contents of their future annual reports to the Council.

188. The Council may wish to take appropriate action on the consolidated list on priority issues for improving coordination within the United Nations system contained in document E/2000/CRP.1.

189. The Council may wish to provide its view on how best the report of the Secretary-General to be submitted in accordance with paragraphs 58 and 59 of General Assembly resolution 53/192 for the triennial comprehensive policy review can contribute to improved system-wide coherence and effectiveness of United Nations operational activities.

190. The Council may wish to take note of the implementation of General Assembly resolution 12B (para. 12), on consecutive and/or joint meetings of the Boards of UNDP/UNFPA and UNICEF with the participation of WFP.